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This report, together with those for local government audits in England and Wales, should be read in conjunction with the Commission’s Annual Report and Accounts. Together these publications provide an integrated picture of both the Commission’s activities and the outcomes of local audits for the 1997/98 audit year.

This report on police audits in England and Wales sets out findings from auditors’ regularity work for the 1997/98 audit year. This includes audit work carried out to 31 October 1998 and audits that have been reported to police authorities up to 31 December 1998.
Executive Summary

This annual report brings together the main issues arising from auditors’ work on the regularity part of the audit at police authorities in England and Wales for the 1997/98 audit year. Regularity audit work is that part of auditors’ work that is concerned with safeguarding and ensuring proper accountability for public money (stewardship) and with upholding proper standards of probity and propriety in public services (governance).

Overall, police authorities carried out their financial management responsibilities well. On the positive side, the main achievements were:

- **Approval of accounts**: All police authorities met the requirement for approval of their accounts by members by 30 September (paragraph 6).
- **Publication of accounts**: Only one authority failed to publish its 1997/98 statement of accounts by the statutory deadline of 31 December 1998 (paragraph 8).
- **Financial systems**: Most authorities operate sound financial systems (paragraph 13).

Against this positive picture, there are a number of important issues that require attention:

- **Financial delegation**: Those police authorities and forces that have not delegated financial management should make arrangements to do so in accordance with the *Code of Practice on Financial Management* (paragraphs 14 to 17).
- **Pensions**: Police authorities should adopt proper accounting policies for pensions, including providing for short-term liabilities and setting aside reserves to meet unplanned expenditure (paragraph 29).
- **Balances**: Authorities with low levels of balances should seek to build up reserves over a reasonable period of time (paragraph 33).
- **Deficits**: Authorities that reported in-year deficits in 1997/98 (27 per cent) should take action to match expenditure to resources in future years (paragraph 34).
- **Year 2000**: Authorities should urgently monitor the progress of work to ensure that police computer systems are year 2000 compliant (paragraph 51).
- **Information technology**: Authorities should carry out fundamental reviews of the adequacy of IT controls and, in particular, their disaster recovery plans (paragraph 52).
The Commission welcomes the action taken by police authorities in responding to the recommendations made in past annual reports. However, issues raised previously that still require attention include the need for:

- responsible financial officers to sign and date financial statements as required by statute (paragraph 7); and
- bank reconciliations to be undertaken promptly (paragraph 13).

Police authorities face changes that raise a number of important financial management and accountability issues. The Commission and its appointed auditors are ready to help authorities to meet these challenges.
Introduction

1. The Audit Commission promotes the best use of public money by reviewing the stewardship of public funds. Proper stewardship is an essential foundation for all public services. Public audit has a key part to play in safeguarding, and ensuring proper accountability for, public money and in upholding proper standards of governance in public services.

2. One of the Commission’s duties is to appoint auditors to police authorities in England and Wales. This report highlights the main points arising from the regularity audits of English and Welsh police authorities to 31 October 1998. Publication of this report at the same time as the Commission’s Annual Report and Accounts provides an integrated picture of both the Commission’s activities and the outcomes of local audits for the previous year.

3. The Commission is aware that both it and its appointed auditors must provide police authorities with value for money. It seeks to ensure this in a variety of ways, including a rigorous quality control regime, the market-testing of audits, the provision of technical advice on difficult issues to promote consistency of approach, and a continuing dialogue with stakeholders on topical and emerging issues. Audit days at the 1997/98 audits of police authorities totalled 5,351 (5,240 at 1996/97 audits).

4. The report considers auditors’ findings at 1997/98 audits – that is, audit work to 31 October 1998 as reflected in auditors’ reports to 31 December 1998 – on the following key accounting and regularity areas:
   - accounts and financial systems (paragraphs 6 to 13);
   - financial management (paragraphs 14 to 17);
   - fraud and corruption (paragraphs 18 to 19);
   - police pensions (paragraphs 20 to 29);
   - financial health (paragraphs 30 to 34);
   - internal audit (paragraphs 35 to 38);
   - private finance initiative (paragraphs 39 to 40);
   - accounting for fixed assets (paragraphs 41 to 48);
   - year 2000 and IT issues (paragraphs 49 to 52); and
   - compulsory competitive tendering (paragraphs 53 to 56).

5. Where appropriate, recommendations are made at the end of each section for consideration by police authorities and the Home Office.
Accounts and Financial Systems

2.1 Approval and publication of accounts

6. 1997/98 was the second year in which police authorities had to obtain members’ approval of their financial statements by 30 September under the Accounts and Audit Regulations 1996 (the Regulations). Auditors reported that all police authorities met the deadline and four authorities obtained approval as early as July 1998. Six authorities had to make material adjustments to their accounts after audit, and these were approved by members in each case. The accounts were approved by the full police authority at 29 authorities and by a committee at the remainder. The extent to which full police authorities are approving accounts is encouraging, given that the corresponding figure in 1997 was 20 authorities, and suggests that the annual accounts are being given a higher profile as a result of the new approval requirements.

7. In 1996/97 auditors reported that, at 10 per cent of authorities, the responsible finance officer (RFO) had not signed and dated the financial statements and certified that they presented the financial position fairly prior to approval by members, as required by the Regulations. In 1997/98, six RFOs (14 per cent) failed to sign the accounts prior to members’ approval and auditors will be working with RFOs in 1998/99 to ensure compliance with the certification requirements of the Regulations.

8. Police authorities are required by the Regulations to publish their full statement of accounts by 31 December each year. In 1997/98 one authority failed to meet this deadline.

2.2 Audit opinions and formal reports

9. In common with previous years, auditors did not issue any qualified opinions on police audits in 1997/98 and generally expressed satisfaction at the adequacy of the accounting and financial control systems operated by police forces. Auditors included additional comments to their audit opinions at two authorities; one drew attention to contingent liabilities for police pensions disclosed in the notes to the accounts and the other drew attention to reservations about property fund accounts.

10. As last year, police authorities completed their accounts promptly, and auditors issued all audit opinions by 31 December 1998 [EXHIBIT 1]. The improvement in the timeliness of producing audited accounts reported in 1996/97 continued in 1997/98, with 71 per cent of audit opinions being issued by 30 November 1998, compared with 66 per cent in the previous year.
Police authorities and auditors improved their timeliness in producing audited accounts in 1997/98 compared with 1996/97.

No public interest reports were issued in 1997/98 and, in common with last year, auditors did not make any recommendations under section 11 of the Audit Commission Act 1998. These are recommendations to which the authority must publicly respond. One auditor did not issue the certificate of audit completion by 31 December 1998, closing the 1997/98 audit, on the grounds that there was an outstanding objection to the accounts.

Financial accounting

The majority of auditors reported few or no problems with the accounting policies adopted by authorities and all auditors concluded that these policies were consistent with the fundamental accounting concepts of materiality, going concern, matching, consistency, prudence and substance over form. However, auditors did report a failure to comply with the relevant disclosures required by the Code of Practice on Local Authority Accounting in Great Britain (SORP) at two police authorities, although these failures were not material enough to justify qualification of the opinion on the accounts.
2.4 Financial systems

13. Police authority accounting systems continued to provide a sound basis for the preparation of accounts and only three auditors made specific reference in their management letters to concerns about the operation of fundamental accounting systems. Two auditors reported problems with the timeliness and adequacy of bank reconciliations, which is a significant improvement on 1996/97 when five authorities were identified as being weak in this area. A similar number of auditors reported concerns about the adequacy of the reconciliation of feeder systems, such as debtors and creditors, to the main accounting system.

RECOMMENDATION

We recommend that:

- authorities make the necessary arrangements to ensure that their accounts are published by the statutory deadline of 31 December.
Financial Management

14. The Home Office’s *Code of Practice on Financial Management* encourages the delegation of financial responsibility to the lowest level that is consistent with proper conduct, best practice and the proper discharge of the Treasurer’s statutory functions. This delegation of financial responsibility applies between the police authority and the police force, and within the force itself.

15. There was relatively little change in the extent of financial delegation in 1997/98. Thirty-eight authorities have delegated responsibility for financial management to the force and 36 of these forces have some form of delegation to basic command units (BCUs). Twenty-nine of the 36 have devolved financial management to a significant extent and appear to be tackling some of the problems associated with devolution that have been identified in previous annual reports.

16. In 1995/96, auditors expressed concern about the adequacy of management information at 25 per cent of those authorities that had introduced some form of delegation. Concern was expressed at only 10 per cent of authorities in 1996/97, and this has reduced to 5 per cent in 1997/98. Similarly, the lack of training offered to officers with financial management responsibilities was reported as a problem at only 5 per cent of authorities with a scheme of delegation in 1997/98, compared with 8 per cent in 1996/97.

17. These figures indicate that a small number of authorities remain uncommitted to the principle of financial delegation, and that some forces that have accepted the principle have been slow to put it into practice. These authorities and forces should recognise the benefits that delegation brings and should move towards the levels of delegation that are commonplace in the majority of forces across England and Wales.

RECOMMENDATION

We recommend that:

- those authorities and/or forces that have not delegated financial management should make arrangements to do so, in accordance with the *Code of Practice on Financial Management*. 
The incidence and value of reported fraud within police authorities remains very low and, at 1997/98 audits, 9 cases with a total value of £17,000 were reported compared with 11 reported cases with a total value of £10,000 in 1996/97.

In 1998, 30 police authorities took part in the Commission’s National Fraud Initiative (NFI) data-matching exercise, compared with the 4 authorities that participated in 1997. This is an encouraging development and the Commission welcomes it as evidence of the commitment of police authorities to tackling internal fraud. The results of the 1998 data matching are currently being investigated and the Commission hopes that those police authorities that did not take part in the latest exercise will join next year’s NFI.

**RECOMMENDATION**

We recommend that police authorities:

- take part in next year’s NFI data-matching exercise which will be available to all authorities in England and Wales.

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1 The National Fraud Initiative involves authorities working together to share information and root out fraud. Computer interrogation and data-matching techniques are used to compare data held on payroll and pensions within and between authorities, with the aim of establishing whether claims or applications are genuine or whether frauds have been committed.
5.1 Pensions expenditure

20. The police pension scheme is unfunded and lump sum and annual pension payments, net of employees’ contributions, are borne by police authorities on a ‘pay as you go’ basis. The Home Office uses a model developed by the Government Actuary to allocate funding to police authorities to meet the cost of pensions and, in 1997/98, the proportion of total revenue funding allocated on this basis was 12.9 per cent. This was increased to 13.2 per cent in 1998/99.

21. In 1997/98, police pensions expenditure, net of contributions, totalled £693 million, which represents 13.6 per cent of the total net operating expenditure. However, there were considerable variations in the level of expenditure between police authorities [EXHIBIT 2].

22. The Home Office undertook a wide-ranging review of the police pension scheme in 1997 and published a consultation document in 1998. The consultation document acknowledged that the scheme is among the most generous in the public sector and more generous than most schemes in the private sector. It stopped short, however, of recommending significant reductions in scheme benefits, or the creation of a funded scheme for new entrants, while making recommendations designed to improve the management of early retirements due to ill health.

EXHIBIT 2

Police pensions expenditure 1997/98

The level of net pensions expenditure shows considerable variations when expressed as a percentage of net operating expenditure.

Note: Excludes Metropolitan Police and City of London Police

Source: Audit Commission
23. There are short- to medium-term costs involved in creating a funded scheme for new entrants but, in its response to the consultation document, the Commission argued that the long-term benefits would more than outweigh these costs. It was also concerned that proposed changes to the scheme were not radical enough and that the scheme’s costs would continue to be a significant drain on the financial resources of police authorities in the longer term. The Commission hopes that these concerns will be recognised when the final proposals for reform of the scheme are published.

5.2 Accounting for pension liabilities

24. The Government Actuary has estimated that it would cost £25 billion to set up a fund to meet police pension liabilities and that it would not be practical, as well as contrary to the statutory basis of the scheme, to suggest that police authorities should make full provision for these liabilities in their accounts. However, police authorities have increasingly made provision for their liability to make lump sum payments to serving officers who can retire with one month’s notice over the next 12 months, because they have completed their maximum 30 years (or 25 years) service. In 1996/97, ten police authorities had made provisions for pensions liabilities and in 1997/98 this increased to 27 (66 per cent). The average value of these provisions was £3.2 million [EXHIBIT 3].
The joint committee of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC), which is responsible for setting accounting standards for local authorities and police authorities, issued a consultation paper in September 1998 – *Accounting for Pensions*. This paper invited views on a number of issues, one of which was that police authorities should recognise their full liability for pensions in the balance sheet, but avoid a charge to revenue by making a corresponding entry to capital reserves.

The Commission acknowledges the accounting rationale for recognising pension liabilities in the balance sheet of police authorities, although we have concerns about the effect on reported capital reserves. This suggestion was rejected by the majority of those practitioners who responded to the consultation exercise, but may have to be adopted in the longer term, given both the pressures for greater consistency in financial reporting across the public sector, and the proposal for introducing ‘whole of government accounts’ in 2003/04.

### 5.3 Pension reserves

By providing for pensions liabilities, authorities can charge any expenditure incurred to that provision. However, there are other factors – such as an unexpected increase in the number of officers retiring on ill-health grounds – which can lead to variations in pensions expenditure. In recent years, many authorities have responded to these fluctuations by earmarking reserves to meet pensions expenditure in excess of budgeted amounts.

In 1997/98, 14 authorities had earmarked reserves for pensions purposes (18 in 1996/97) and the average balance was £2.4 million (£2.0 million in 1996/97). Ten of these authorities had not made any provision for pensions liabilities, while four had a mixture of reserves and provisions. A further four authorities had neither, which is a significant improvement on the position at 31 March 1997, when 13 authorities were in this position.
29. In the Commission’s view, the most appropriate accounting policies – at least in the short term – are to make a provision for identifiable short-term pension liabilities at the balance sheet date and to earmark reserves to cover any additional expenditure arising from variances in the number of retirements for reasons other than those covered by the provision. The majority of authorities have opted for either a reserve or a provision, with the result that there is still no consistency in the treatment of pensions. Despite the improvement noted in 1997/98, it is also a matter of concern that four police authorities have neither made provisions nor set aside reserves to meet pensions expenditure.

RECOMMENDATIONS

We recommend that:

- the Home Office explores fully alternative approaches to reform of the Police Pension Scheme, including the possible creation of a fund for new entrants; and
- authorities should review their accounting policies and consider a mixture of provisions to meet short-term pensions liabilities and earmarked reserves to meet unexpected increases in pensions expenditure.
6.1 Revenue balances

30. Police authorities may face unplanned expenditure arising from major police inquiries or public order issues; prudent financial management requires a cushion of general reserves to meet such expenditure. Authorities may also set aside, or earmark, reserves for particular purposes, including the financing of pensions and capital expenditure. Where police authorities have delegated budgets, schemes of delegation can allow BCUs to carry forward balances that are included in earmarked reserves.

31. The average police fund balance (including earmarked and general reserves) at 31 March 1998 was £7.6 million (compared with £7.9 million at 31 March 1997), which represents 6.2 per cent of average net operating expenditure (compared with 7 per cent in 1997). However, the level of reserves varies greatly between authorities, both in cash terms and when expressed as a percentage of total net operating expenditure [EXHIBITS 4 and 5, overleaf].

EXHIBIT 4
Police fund balances (including earmarked and general reserves)
Levels of balances vary greatly in cash terms.

Source: Audit Commission
Expressed as a percentage of net operating expenditure, levels of balances vary greatly.

Source: Audit Commission

32. The level of general reserves – that is, reserves other than earmarked reserves – is often a better indicator of the financial health of an authority. Although it is not possible to define the optimum level of general reserves, balances ranging from 2 to 5 per cent of net operating expenditure are typically seen as reasonable by auditors [Exhibit 6].

33. In 1996/97, we expressed concern that some police authorities had very low, or even nil, general reserves. The position has not changed markedly in 1997/98 and, while there may be good reasons for individual authorities to have low reserves, the Commission emphasises the importance of restoring reserves to a prudent level in order to meet unforeseen expenditure.
6.2 Deficits

Eleven authorities (27 per cent) reported an in-year deficit in 1997/98, with the average deficit being £3.4 million. The highest deficit recorded during the year was £10 million, representing 3.6 per cent of net operating expenditure, and it is of concern that one in four authorities drew on their reserves to a significant extent in 1997/98. A further nine authorities reported a nil surplus/deficit for the financial year by making appropriations to, or from, general revenues.

RECOMMENDATION

We recommend that:

- treasurers of authorities with low levels of balances seek to build up levels of reserves over a reasonable period of time.
Internal Audit

35. Internal audit is a key management control and authorities are required by law to maintain an ‘adequate and effective system of internal audit of their accounting records and control systems’. External auditors increasingly rely on the work of internal auditors in providing assurance on the adequacy of financial systems. The Government also expects that internal audit will have a role to play in strengthening the capacity of police authorities to carry out self-assessment of their services under best value.

36. Internal audit in the police service is overwhelmingly provided by local authorities, with only five authorities (12 per cent) having their own in-house team or contracting out the service to the private sector. This appears to be an arrangement that works well, as 33 internal audit sections (80 per cent) were assessed by auditors as providing a good service to their authorities in 1998, and 13 auditors reported that the performance of internal audit had improved during the year. Internal auditors are regarded as independent, with 35 authorities being marked as very good or good in this respect. Moreover, only three audit providers failed to achieve their audit plans in 1997/98.

37. However, computer audit is an area of concern, and 15 per cent of police external auditors assessed the level of computer audit as poor in 1998. We recognise that local authorities providing audit services to police authorities face particular difficulties in recruiting staff with the required skills, but the challenges of the year 2000 computer issue and the potential introduction of the Euro suggest the need for a more innovative approach to the procurement of computer audit services.

38. The Code of Practice on Financial Management recommends that police authorities should establish an audit committee or equivalent, and it is encouraging to report that 40 police authorities have complied with the Code in this respect.

RECOMMENDATIONS

We recommend that authorities:

- explore innovative approaches to the procurement of computer audit skills; and
- consider ways in which internal audit can be used to strengthen the capacity of police authorities to carry out self-assessment of services under best value.
The majority of police PFI schemes have yet to come to fruition. Four authorities were reported to have signed PFI deals by 31 December 1998, including contracts for the provision of an area headquarters, a police station, police stables and a helicopter. All these contracts were certified under the Local Government (Contracts) Act 1997. Auditors also reported that 15 authorities were actively considering entering into PFI contracts, the majority of which involve the construction of new police stations.

It is clear that PFI is a potentially significant method of service procurement for police authorities. The Commission suggested a possible control framework for such schemes in its management paper Taking the Initiative: A Framework for Purchasing Under the Private Finance Initiative, published in September 1998, and emphasised the need to consider the implications of entering long-term contractual commitments. In addition, the Commission has issued advice to auditors on the Local Government (Contracts) Act 1997 and associated regulations. The Commission will continue to inform auditors of progress in this area and develop advice as appropriate.

**RECOMMENDATION**

We recommend that:

- authorities considering entering into PFI contracts put an adequate control framework in place, taking account of advice provided in the Commission's management paper, Taking the Initiative.
Accounting for Fixed Assets

9.1 Compliance

41. The 1997/98 financial year was the second in which all police authorities had to comply fully with the new capital accounting requirements of the SORP. Police authorities should now:
   - include capital assets on the balance sheet at current value (with some clearly defined exceptions);
   - charge the revenue account each year with an amount for the use of capital assets; and
   - charge depreciation on assets with a finite useful life (for example, on vehicles, plant and equipment with finite lives of less than 20 years).

42. As with resource accounting in central government, one of the key reasons for introducing a capital accounting system based upon current asset values was to give members and officers up-to-date information about the value of an authority’s assets and the real cost of holding and using these assets to provide services to the local community.

43. Compliance with the technical requirements is a critical starting point. It is therefore pleasing to report that in the second full year since the introduction of the new system, 95 per cent of police authorities were assessed by auditors as having complied fully with the reporting requirements of the SORP.

9.2 Valuation of assets

44. If the true cost of holding and using local assets is to be reported, and comparability between authorities is to be achieved, there needs to be a consistent approach to valuations. CIPFA has set out the approach in its Code of Practice on Local Authority Accounting in Great Britain and associated guidance. Auditors reported that two authorities (5 per cent) have not complied fully with CIPFA guidance, but in neither case did auditors deem the non-compliance to be significant enough to warrant qualifying an authority’s accounts.

9.3 Stewardship of assets

45. Authorities’ asset registers should provide an accurate and robust record of the assets held and their valuation. Three authorities (7 per cent) were assessed by auditors to have inaccurate records but, again, this was not deemed to be significant enough to lead to any qualifications of the accounts.
9.4 Management of assets

46. As the technical aspects of capital accounting bed down, the active management of assets will become the next challenge for authorities. In its publication, *People+Pounds+Property=Services*, CIPFA has provided practical guidance to authorities on the use of capital accounting information to improve asset management. The guidance encourages authorities to include capital charges within controllable budgets as an incentive to positive asset management. This is a good practice approach that is supported by both CIPFA and the Commission.

47. Auditors reported that 14 police authorities (34 per cent) were actively following this guidance at the end of December 1998. While this is an encouraging start, there is still room for improvement. It is important to co-ordinate the approach of all stakeholders in providing advice on asset management, and the Commission and its auditors will continue to monitor and report on authorities’ approaches in this key aspect of financial management.

9.5 Future issues

48. Capital accounting is now well established in the great majority of authorities. However, there are long-term challenges ahead for authorities, CIPFA, the Government and auditors. The proposed introduction of ‘whole of government accounts’ in 2003/04, which are likely to consolidate police authorities’ accounts, will raise practical issues, given the differing accounting bases in central government and the police sector. The development of national standards and targets under the proposed best value regime raises issues about comparability, while performance plans will require police authorities to look at the use that they make of assets. The Commission and its auditors will play an active role in these longer-term developments.

RECOMMENDATIONS

We recommend that:

- authorities continue to make progress in using capital accounting information as a spur to improved asset management; and
- the minority of authorities experiencing difficulties should make every effort to improve the robustness of their asset registers.
The year 2000 will bring problems for all police forces in relation to computer hardware and software. This applies to key systems such as command and control, vehicle fleet management and financial systems, as well as equipment containing embedded chips such as speed cameras, lifts and communication equipment. The potential scale and pervasive nature of the problems are such that inadequately prepared forces may not be able to function effectively.

The Commission published a management paper in June 1998, *A Stitch in Time: Facing the Challenge of the Year 2000 Date Change*, which aimed to help members and chief officers to deal with the year 2000 issue. A further publication in November 1998, *A Stitch in Time: Time Marches On*, reported auditors’ findings on the preparedness of authorities to meet the year 2000 challenge. This update indicated that significant progress had been made in the five months since the previous report, but that some public authorities were falling behind in their preparations.

Identifying the systems and equipment that could be affected by the date change is only the first step towards taking action to minimise the risks to services. Where implementation programmes are in place, constant vigilance is needed to ensure that they do not slip. As the year 2000 approaches, there is also a need to develop contingency plans. Authorities should concentrate their efforts on essential systems and equipment and also make arrangements for coping with ‘worst case’ scenarios of system and equipment failures.

Each year auditors assess the overall adequacy of an authority’s IT controls; in 1997/98 the number assessed as good rose from 18 to 22. It is a matter of concern that 46 per cent of police authorities have IT controls that are only described as ‘adequate’ by auditors. The greatest concern was expressed over disaster recovery plans, which were assessed as poor at 3 authorities (7 per cent) and adequate at a further 22 (54 per cent).

**RECOMMENDATIONS**

We recommend that police authorities:

- urgently monitor preparations to make police computer systems year 2000 compliant;
- use the Commission’s management papers on the year 2000 date change to identify, address and monitor key risk areas; and
- carry out fundamental reviews of the adequacy of their IT controls and, in particular, their disaster recovery plans.
11.1 Professional support services

53. Last year’s annual report highlighted the uncertainty over the extension of compulsory competitive tendering (CCT) for professional support services to police authorities. That report noted that, although all five professional services had been defined for police authorities, orders extending CCT to police authorities had been laid only for two such activities – legal, and construction and property services.

54. A Home Office announcement on whether CCT was to be extended to the remaining three professional services – finance, personnel and IT – was expected in the summer of 1998, but it is now clear that, with CCT due to be repealed from January 2000, it will not now be extended to these areas.

55. The uncertainty about the timetable for extending the CCT regime, together with a number of areas of technical ambiguity, has meant that the impact of CCT on professional support services has been negligible. No auditors reported that either legal services or construction and property services had been subject to a statutory tendering process. With the imminent creation of a best value duty, however, the delivery of support services must be thoroughly considered and this consideration should be fully reflected in police efficiency plans.

11.2 Other services

56. The number of police authorities with direct labour organisations (DLOs) and direct service organisations (DSOs) carrying out work under the provisions of the Local Government Planning and Land Act 1980 and the Local Government Act 1988 is small – the majority of authorities procure services such as catering and building cleaning from local authorities or private contractors. Across England and Wales there are only 11 police DLOs/DSOs, and only 1 failed to meet the statutory financial objective to break even for 1997/98.

RECOMMENDATION

We recommend that police authorities:

- put in place plans to review the approach to the delivery of professional support services in the context of the introduction of both the statutory duty of best value and police efficiency plans.