

**CENTRAL SCOTLAND JOINT
POLICE BOARD**



ABSTRACT OF ACCOUNTS

2006/2007

CENTRAL SCOTLAND JOINT POLICE BOARD

ABSTRACT OF ACCOUNTS 2006/07

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CENTRAL SCOTLAND JOINT POLICE BOARD
MEMBERS AND OFFICIALS 2006/07

The members and officials of the Joint Police Board for 2006/07 were as noted below.

CONVENOR

Councillor P McCafferty, Falkirk Council

VICE CONVENORS

Councillor T Hazel, Stirling Council
Councillor G Matchett, Clackmannanshire Council

FALKIRK COUNCIL

Appointed Members -

Councillor D Alexander
Councillor I Miller
Councillor T Coleman
Councillor Reverend John Jenkinson
Councillor M Nicol

STIRLING COUNCIL

Appointed Members -

Councillor A Dickson
Councillor J Hendry

CLACKMANNANSHIRE COUNCIL

Appointed Members -

Councillor B Fearon

OFFICIALS

Chief Constable	-	Andrew Cameron
Clerk	-	Rose Mary Glackin, Falkirk Council
Treasurer	-	William Watson, Stirling Council

CENTRAL SCOTLAND JOINT POLICE BOARD

TREASURER'S REPORT 2006/07

This report comments chiefly on the financial position of Central Scotland Joint Police Board as presented in this Abstract of Accounts. In utilising the financial resources at its disposal during 2006/07, the Force continued to perform at high levels with its detection rate remaining one of the highest in the country at 59%.

As a result of the changes made in the Statement of Recommended Practice 2006 (the SORP) the statutory accounts and associated notes now comprise:-

- Income and Expenditure Account which details expenditure and income of the Board analysed by service functions.
- Statement of Movement on the General Fund which outlines the position in relation to the general reserve level
- Statement of Total Recognised Gains and Losses which demonstrate how the movement in net worth in the Balance sheet is identified to the Income and Expenditure Account surplus/deficit and to other unrealized gains and losses
- Balance Sheet which sets out the financial position of the Board as at 31st March 2007.
- The Cash Flow Statement which summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes

INCOME & EXPENDITURE ACCOUNT

At its meeting on 1 February 2006, the Board approved a Revenue Budget of £51.6 million for the financial year 2006/07. After deducting the estimated government grant of £25.6 million, the resultant requisition upon the constituent authorities was £25.1 million, the balance of £0.85m being met from reserves. It was also agreed that the constituent authorities would receive the final payment of the refund due from earlier extra funding for increased recruitment. The final revenue position will leave the Board with accumulated revenue reserves to carry forward of £1.3 million (2005/06 = £2.7 million). This surplus includes an "earmarked" element for police pension commutations of £1.1 million. The balance of just over £200K, which is broadly in line with expectations, will provide a base from which it is planned to move towards the target level of reserves of 1% of budget approved by the Board and will provide flexibility in budget management.

These financial statements have been prepared in accordance with the relevant Statement of Recommended Practice as explained in the Statement of Accounting Policies below and reflect the format prescribed by the Best Value Accounting Code of Practice. As such the Income and Expenditure Account reflects the agreed divisions of the net cost of services which Police Authorities are required to disclose.

The Income & Expenditure Account therefore shows total financial resources consumed by the Force and in employing these it has directed resources according to the agreed business and strategic plans. In addition other significant activities have been carried out during the year such as a major counter terrorist operation and the introduction of the Safety Camera Partnership. Each of these incurred costs of £400K approximately with the majority of the former's costs being re-imbursed by the Scottish Executive and the latter being completely cost neutral due to cost recovery.

Including these significant activities, staff costs were approximately £880K higher than the original budget, with pay costs accounting for £200K of this and pensions costs £630K. The pay costs variance is offset by the re-imburement referred to above and the pensions costs variance is partly met from the earmarked element of the revenue reserve.

Other costs are £740K higher than the original budget. This is due to a number of factors, the most significant being the activities referred to above, increased prisoner holding costs due to partly to increased operational activity and higher transport costs.

However, the costs are offset by additional income of the order of £1.5 million from the re-imburement referred to above as well as other additional income streams. The overall effect is a net position broadly in line with budget and revenue reserves at the target level set at the beginning of financial year 2006/07.

CAPITAL ACCOUNT

The Board incurred £1,732K of capital expenditure in 2006/07. Operational vehicles accounted for £390K, and computers and equipment accounted for £669K. Other areas of expenditure included the monies spent on

refurbishing the Facility adjacent to Maddiston Police Station. Capital expenditure was financed by the capital grant from the Scottish Executive of £1,567K and applied capital receipts of £165K. The total of capital receipts available to carry forward into the next financial year was £499K.

CAPITAL BORROWING

The Board's borrowings represent the debt outstanding on previous years capital expenditure. Since the introduction of the Prudential Borrowing regime, all of the Board's capital expenditure has been met from capital grants, capital receipts and capital funded from current revenue (CFCR) . The debt is managed within the Stirling Council Consolidated Loans Fund.

PENSIONS LIABILITIES

The Accounting Standards Board, having recognised that the previous treatment of pensions liabilities was not consistent with the treatment applied to other liabilities in that the full impact of the future obligations accrued in the financial year were not being recognised, introduced the Financial Reporting Standard 17. The Standard deems it necessary to recognise all future liabilities committed up to the end of the current financial year, and Central Scotland Joint Police Board has complied with it in full beginning with the 2003/04 accounts.

The Abstract of Accounts for 2006/07 has been prepared in compliance with FRS 17, and recognises the full pension obligations in the year in which they are earned by members of the pension schemes. The main effects of complying with the Standard on the 2006/07 Accounts are as follows:

- A charge has been made to the Income & Expenditure Account for costs of £14,459K (2005/06 £11,880K), the funding of which comes from an appropriation from the Pensions Reserve Account.
- The recognition of the Pension Liability of £332,125K (2005/06 £336,418K) in the Balance Sheet has resulted in total net liabilities of £311,845K.

GOING CONCERN

Under the provisions of FRS 17 there is a significant impact on the net worth of the Board as recorded in the Balance Sheet (£311,845K), however it is important to recognise that this liability results because the Police Pension Scheme is unfunded and reflects the proper accounting treatment as determined by FRS 17.

The technical accounting treatment has had no impact on the underlying basis for meeting the Police Board's current and ongoing pension liabilities. These will be met out of the Police Board's funding from Government Grants and contributions from constituent authorities under the Amalgamation Scheme 1995. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

DISCONTINUED OPERATIONS

Following the creation of the Scottish Police Services Authority (SPSA) from 1 April 2007, the Forensic Laboratory operations of Central Scotland Police and the other Scottish police forces will be transferred to the SPSA with effect from 1 April 2007. The costs in relation to these activities have therefore been shown separately on the Income & Expenditure Account.

ACKNOWLEDGEMENT

I am extremely grateful to the Force's Finance Department for their assistance throughout the year in managing the Force's financial affairs and in the preparation of this Abstract of Accounts for the Joint Police Board.

Further information on these accounts or on any other aspect of the Board's finances may be obtained from the Treasurer to Central Scotland Joint Police Board, Stirling Council, Viewforth, Stirling, FK8 2ET (telephone 01786 442811) or from the Force's Director of Finance and Resources, Randolphfield, Stirling, FK8 2HD (telephone 01786 456377). Information about Central Scotland Police can be found on the web site at www.centalscotland.police.uk.

W. R. Watson

William Watson CPFA
Treasurer

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT OF MAIN ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2007

1 General

The Abstract of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain - A Statement of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). The Abstract of Accounts is intended to present the financial position and transactions of the Board and has been prepared in accordance with the basic accounting concepts as follows:

- Accruals
- Going Concern
- Legislative Requirements
- Quality of Financial Information, being
 - relevance
 - reliability
 - comparability
 - understandability

2 Cost Basis

The Abstract of Accounts has been prepared using the historical cost basis as modified by the revaluation of fixed assets.

3 Fixed Assets

Land and buildings are recorded at depreciated replacement cost as is the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors.

Vehicles and equipment values in the accounts are based upon depreciated cost.

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

Where an asset has been acquired or is under construction, but is not yet in operational use, the cost is capitalised but not depreciated until commissioned into full operational use.

Where assets become non-operational, depreciation is no longer charged from the date that this is deemed to be the case.

4 Depreciation

Assets other than land are depreciated over their useful economic lives.

Fixed Assets are depreciated in the year of purchase from the date of purchase / operational use; and in the year of disposal, until the date of disposal.

Depreciation is charged as follows:

Buildings	straight line method over estimated useful life of building (per valuation)
Plant and equipment	straight line method at 20% - 33% per annum
Vehicles	reducing balance method at 23% per annum

5 Capital Receipts

When assets are sold or disposed of, the capital receipt is held in an account (Usable Capital Receipts Account) until it is used to finance further capital expenditure. The reserved element of capital receipts from prior years is held in the Capital Financing Account.

6 Capital Account

Fixed Asset Restatement Account

The Code of Practice requires the creation of a Fixed Asset Restatement Account. The balance on the Account represents primarily the balance of the surplus or deficits from the periodic revaluation of fixed assets.

Capital Financing Account

The Code of Practice requires the creation of a Capital Financing Account. The balance on the Account represents primarily the sums that have been set aside to finance capital expenditure.

Usable Capital Receipts

Usable Capital Receipts are capital receipts which are held until such time as they are used to finance new capital expenditure.

7 Income and Expenditure

Income includes all specific and material sums due to Central Scotland Police for the financial year. Expenditure included in the accounts relates to services provided in the financial year.

8 Revenue and Capital Debtors and Creditors

All specific and material sums payable to and due by the Board as at 31 March 2007 have been brought into account. All salaries and wages earned up to 31 March 2007 are included in the Abstract of Accounts for that year irrespective of when actual payments were made. Sundry creditors and debtors include all specific accruals in respect of further material items.

9 Operating Leases

Rental payments made under operating leases are charged to the Income and Expenditure Account on a straight-line basis, over the term of the lease. The amounts paid under these arrangements and undischarged obligations as at 31 March 2007 are disclosed in Note 6 (page 16) of the Income and Expenditure Account.

10 Stores and Work in Progress

The Board complies with the requirements of SSAP 9 "Stocks and Long-Term Contracts". Stocks held at 31 March 2007 are valued at the lower of cost and current market value.

11 Insurance

Expenditure included in the Abstract of Accounts relates to premiums paid, policy excesses and settlement of claims.

12 Pensions

The Joint Police Board participates in three pension schemes that meet the distinct needs of Uniformed and Non-Uniformed personnel. All schemes provide members with defined benefits related to pay and service.

The Accounting Standards Board, having recognised that the previous treatment of pensions liabilities was not consistent with the treatment applied to other liabilities in that the full impact of the future obligations accrued in the financial year were not being recognised, introduced the Financial Reporting Standard 17. The Standard deems it necessary to recognise all future liabilities committed up to the end of the current financial year, and Central Scotland Joint Police Board has complied with it in full beginning with the 2003/04 accounts.

In the preparation of its 2006/07 accounts the Board complies with the requirements of UK GAAP and with the requirements of FRS 17 to recognise the full expected cost of providing for all pensions and related benefits on a systematic and rational basis over the period that it derives benefit from the services of its employees. The pension costs included in the accounts have been determined with the assistance of an independent actuary.

Where reference has been made to pensionable pay, this refers to the respective total pensionable pays of Police Officers and Police Staff.

Further details of pension costs have been disclosed in Note 2 to the Income and Expenditure Account (page 14) and further details of the assets and liabilities of the Schemes have been disclosed in Note 9 to the Balance Sheet (page 20).

13 Pension Commutation – Set aside of Revenue Reserves

In preparing its accounts the Joint Police Board complies in full with the rules of FRS 17. The liability to pay commuted sums for those officers who were eligible to retire but remained in service at 31 March 2007 is included in the Net Pension Asset / Liability figure.

Funding for payment of these commuted sums is made available from Police Grant and Requisitions in the year in which the officer is eligible to retire. In order to ensure that this funding is correctly applied, an amount equal to the amount calculated for commuted sums due is set aside in the Revenue Surplus Reserve and “earmarked” for this specific purpose. Details of the set aside amounts are included in Note 8 to the Income and Expenditure Account (page 16) and Note 13 to the Balance Sheet (page 24).

14 Preparation of Accounts on Going Concern Basis

Although there is an excess of liabilities over assets, the financial statements have been prepared on a going concern basis. The justification for this is that under the “1995 Combined Area Amalgamation Scheme Orders” the constituent authorities of Central Scotland Joint Police Board are required to meet the Board’s expenditure, net of Police Grant, in each financial year.

15 Grants

a) Revenue

All Revenue Grants are matched with the expenditure to which they relate. Specific government grants are accounted for on an accruals basis where the conditions for receipt have been met.

b) Capital

Capital Grants from The Scottish Executive have now replaced borrowing consents as the main source of funding for capital expenditure. Capital grants are treated as deferred and written out over the life of the assets involved.

16 Redemption of Debt

The Board operates via the Stirling Council Loans Fund, which has made advances to the Board to finance capital expenditure. The Loans Fund then levies charges against the Board in respect of principal

repayments and interest. Repayment of debt to is on a straight-line basis. Repayment periods range from 3 years for vehicles to 50 years for new buildings.

17 Central Overheads

The central overheads are recharged to the Best Value Accounting Code of Practice service functions categories on the basis of data collected from activity analysis exercises periodically.

18 Prior Period Adjustments

In 2006/2007 a prior period adjustment has been made in respect of the various revised requirements contained in the 2006 SORP (2005/2006 None). The 2006 SORP contains significant changes to both the format and content of the Statement of Accounts in 2006/2007, including the following three significant changes in accounting policy that affect the new Income & Expenditure Account:

- the removal of the notional interest element from capital charges
- the posting of credits for government grants/capital contribution write downs to service revenue accounts
- the inclusion of gains and losses on the disposal of fixed assets

In accordance with Financial Reporting Standard 3 (Reporting Financial Performance), the previous year figures have been restated on a comparative basis. This restatement has no impact on the movement in the General Fund Balance for 2005/2006 or on the Net Assets shown in the Balance Sheet as at 31 March 2006. Additionally, the allocation of costs across the expenditure headings has been enhanced to more fully reflect the direct costs attributable to each.

In summary, the main changes necessary to restate the accounts in line with the 2006 SORP are as follows:

- the replacement of the Revenue Account with a new UKGAAP-compliant Income & Expenditure Account incorporating the new accounting policies set-out above.
- a new Statement of Movement on the General Fund Balance, together with a new supporting note analysing the reconciling items (see pages 11 and 14).
- a new Statement of Total Recognised Gains & Losses (see page 11).
- the regrouping and reordering of the core and supplementary financial statements (and the notes thereto).

**CENTRAL SCOTLAND JOINT POLICE BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2007**

Previous Year Net Expenditure (Restated) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
1,535	Call Management	1,683	(70)	1,613
433	Common Police Services	439	(4)	435
13,917	Community Safety	16,989	(2,510)	14,479
62	Corporate and Democratic Core	62	-	62
19,396	Crime Management	26,774	(3,610)	23,164
10,800	Police Pensions	13,300	-	13,300
1,804	Public Order	2,118	(293)	1,825
4,381	Traffic Management	4,900	(349)	4,551
522	Discontinued Operations (I & E Note 11)	648	(1)	647
52,850	NET COST OF SERVICES	66,913	(6,837)	60,076
(4)	(Surplus) / Loss on the disposal of fixed assets			26
859	Interest payable and similar charges			763
16,126	Pension Interest Costs			17,611
4	Non Distributable Costs			(325)
15	Net Deficit / (Surplus) on Insurance Account			20
(31)	Interest and investment income			(80)
(996)	Expected return on pension assets			(1,252)
68,823	NET OPERATING EXPENDITURE			76,839
	Precepts on local authorities :			
(3,770)	Clackmannanshire (15.8%)	(3,926)		
(12,337)	Falkirk (51.7%)	(12,848)		
(7,756)	Stirling (32.5%)	(8,076)		
(23,863)				(24,850)
(24,322)	General government grants			(25,530)
20,638	Deficit for the year			26,459

**STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE
FOR THE YEAR ENDED 31 MARCH 2007**

Previous Year £000		Current Year £000's
20,638	Deficit for the year on the Income and Expenditure Account	26,459
(20,821)	Net Additional amount required by statute and non-statutory proper practices to be debited or (credited) to the General Fund Balance for the year (I & E Note 1)	(25,049)
<u>(183)</u>	(Increase) / Decrease in the General Fund Balance for the Year	<u>1,410</u>
(2,530)	General Fund Balance brought forward	(2,713)
<u>(2,713)</u>	General Fund Balance carried forward (I & E Note 8)	<u>(1,303)</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2007**

Previous Year £000		Current Year £000's
20,638	Deficit for the year on the Income and Expenditure Account	26,459
98	(Surplus) / Deficit arising on the revaluation of fixed assets	(145)
33,371	Actuarial (Gains) / Losses on Pension Fund Assets and liabilities	(28,153)
<u>54,107</u>	Total recognised losses / (gains) for the year	<u>(1,839)</u>

**CENTRAL SCOTLAND JOINT POLICE BOARD
BALANCE SHEET AS AT 31 MARCH 2007**

2005/06 £000		2006/07 £000	2006/07 £000
	FIXED ASSETS		
32,232	Operational Land and Buildings	32,145	
0	Non Operational Assets	0	
4,609	Vehicles, Plant and Equipment	3,754	
114	Assets Under Construction	0	
36,955	TOTAL FIXED ASSETS (B/S Notes 1 to 5)		35,899
	CURRENT ASSETS		
247	Stocks	304	
2,938	Debtors (B/S Note 6)	2,543	
5	Advances and Petty Cash	5	
3,219	Advances with Stirling Council Loans Fund	1,717	
6,409			4,569
	CURRENT LIABILITIES		
(3,230)	Creditors (B/S Note 7)	(2,911)	
(857)	Short Term Borrowing – Stirling Council (B/S Note 11)	(636)	
(27)	Insurance Provision (B/S Note 12)	(19)	
(4,114)			(3,566)
39,250	TOTAL ASSETS LESS CURRENT LIABILITIES		36,902
	LESS: LONG TERM LIABILITIES		
(5,013)	Government Grants – Deferred Account (B/S Note 10)		(5,756)
(336,418)	Net Pension Asset / (Liability)		(332,125)
(11,503)	Long Term Borrowing – Stirling Council (B/S Note 11)		(10,866)
(313,684)	TOTAL NET ASSETS / LIABILITIES		(311,845)
	RESERVES:-		
66	Insurance Fund (B/S Note 12)		46
2,713	General Fund Balance (B/S Note 13)		1,303
(336,418)	Pension Reserve (B/S Note 14)		(332,125)
18,575	Fixed Asset Restatement Account (B/S Note 15)		18,613
798	Capital Financing Account (B/S Note 15)		(181)
582	Usable Capital Receipts Account (B/S Note 15)		499
(313,684)			(311,845)

In my opinion the Abstract of Accounts presents fairly the financial position of the Joint Police Board as at 31 March 2007 and its income and expenditure for the year then ended. There were no events that occurred between 1 April 2007 and 14 June 2007 that would have an impact on the 2006/2007 financial statements (2005/2006 None).

W. R. Watson

William Watson CPFA
Treasurer
14 June 2007

CENTRAL SCOTLAND JOINT POLICE BOARD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

2005/06		2006/07	
£000	<u>REVENUE ACTIVITIES</u>	£000	£000
	Expenditure		
47,589	Cash Paid to and on Behalf of Employees	49,972	
5,128	Other Operating Costs	7,123	
52,717			57,095
	Income		
(6,282)	General	(6,067)	
(23,863)	Requisitions from Constituent Authorities	(24,850)	
(24,717)	Government Grants (C/F Note 4)	(26,300)	(57,217)
(2,145)	<i>NET CASH (INFLOW) / OUTFLOW FROM REVENUE ACTIVITIES (C/F Note 1)</i>		(122)
	<u>SERVICING OF FINANCE</u>		
	Expenditure		
860	Interest Paid	763	
	Income		
(31)	Interest on Revenue Balances	(79)	
829	<i>NET CASH (INFLOW) / OUTFLOW FROM SERVICING OF FINANCE</i>		684
	<u>CAPITAL ACTIVITIES</u>		
	Expenditure		
1,846	Purchase of Fixed Assets	1,732	
	Income		
(495)	Sale of Fixed Assets	(82)	
(1,494)	Capital Grant Received	(1,567)	
(143)	<i>NET CASH (INFLOW) / OUTFLOW FROM CAPITAL ACTIVITIES</i>		83
(1,459)	<i>NET CASH (INFLOW) / OUTFLOW BEFORE FINANCING</i>		645
	<u>MANAGEMENT OF LIQUID RESOURCES</u>		
437	Net Increase / (Decrease) in Temporary Advances (C/F Note 3)		(1,502)
	<u>FINANCING</u>		
	Expenditure		
1,022	Repayment of Amounts Borrowed	857	
	Income		
0	New Loans Raised	0	
1,022	<i>NET CASH (INFLOW) / OUTFLOW FROM FINANCING</i>		857
0	<i>NET (INCREASE) / DECREASE IN CASH (C/F Note 2)</i>		0

**NOTES TO THE INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2007**

1. Reconciliation of transactions required by statute and non-statutory practices to be debited of (credited) to the General Fund Balance for the year

Previous Year £000		Current Year £000's
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance	
(2,050)	Depreciation and impairment of Fixed Assets	(2,824)
798	Government Grants Deferred amortisation	824
4	Net surplus / (loss) on sale of Fixed Assets	(26)
(27,010)	Net charges made for retirement benefits in accordance with FRS 17	(30,818)
(28,258)		(32,844)
	Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance	
1,021	Loan Fund Principal Repayment	857
91	Capital expenditure charged in-year to the General Fund Balance	-
6,340	Employer's contributions payable to the Pension Account and retirement benefits payable direct to pensioners	6,958
7,452		7,815
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	
(15)	Transfer (from) / to Insurance Reserve	(20)
(20,821)	Net additional amount to be credited to the General Fund Balance	(25,049)

2. PENSION COSTS

Police Officers

As from 1 April 2006 new Police Officers have entered into a new Police Pension Scheme. Both this scheme and the previous one for existing officers are unfunded schemes administered by Falkirk Council on behalf of the Central Scotland Joint Police Board.

The pension costs that are charged to the Board's accounts in respect of Police Officers are equal to the accrued cost of pensions and other benefits earned in the financial year and payable to scheme members after allowing for the receipt of contributions and transfer value income.

In 2006/07, the current service cost of pensions was £13.3 million (2006: £10.8million), representing 50.7% (2006: 42.9%) of pensionable pay. In the Police Pension Scheme the age profile of the active membership is rising significantly. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

Other Employees

Support staff are eligible to join the Local Government Pension Scheme through the Pension Fund administered by Falkirk Council.

The pension costs charged to the Board's Accounts in respect of support staff consist of the accrued cost of pensions and other benefits earned in the financial year and payable to scheme members and any costs arising from the award of premature retirement benefits.

The employer's contribution rate is set on a three yearly basis by an Actuary appointed by Falkirk Council. The rate is set to ensure that the Pension Fund remains solvent and in a position to meet 100% of its overall liabilities. The most recent valuation of the Fund was as at 31st March 2005, with the next formal valuation due as at 31 March 2008.

In 2006/07, the Board's current service costs amounted to £1,484K (2006: £1,076K), representing 20.5% (2006: 16.4%) of pensionable pay.

The capital cost of any discretionary increases in pension payments (e.g. discretionary added years) agreed by the Board for support staff:

- a) retiring in 2006/07 is nil, (2005/06: nil),
- b) retiring in earlier years, for which payments are still being made, is £225K, (2006: £233K).

With effect from 6 October 2006, members retiring are able to elect an additional tax-free lump sum in lieu of part of their pension (commutation). An approximate allowance for 25% of future retirees to take this additional commutation has been made and is reflected in the Non-Distributable Costs shown on the Income and Expenditure account.

3. PUBLICITY ACCOUNT

Section 5 of the Local Government Act 1986 requires a separate account to be kept of expenditure on publicity. During 2006/07 the Board incurred the following publicity expenditure:

	2005/06	2006/07
	£	£
Employment Advertising	49,928	33,517
Other Advertising	21,897	53,708
	<u>71,825</u>	<u>87,225</u>

4. LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

Local Authorities are required to prepare a separate account of agreements entered into under section 2(2) of the above legislation. During 2006/07 the Board received the following income:

	2005/06	2006/07
	£	£
Radio Workshop Services	49,927	50,981

5. AUDIT FEES

The fees charged to the Income and Expenditure Account and payable to Audit Scotland are as follows:

	2005/06	2006/07
	£	£
External Audit Services	29,400	35,480
Other Services	0	0
	<u>29,400</u>	<u>35,480</u>

6. OPERATING LEASES

Rental payments made under operating leases are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease. Details of the Joint Police Board's obligations:

Actual Lease Payments	Category of Lease	Actual Lease Payments	Committed Lease Payments	Leases Expiring During	Leases Expiring between 2008/09 & 2011/12	Leases Expiring from 2012/13 onwards
2005/06 £		2006/07 £	2007/08 £	2007/08 £	2008/09 & 2011/12 £	2012/13 onwards £
4,013	CCTV Rental Agreement	6,205	6,205		6,205	
15,000	Car Leases	40,699	39,329	6,056	33,273	
14,500	Land	11,000	11,500	3,000		8,500
6,300	Photocopiers	15,980	13,415		13,415	
0	Protective Vests	51,942	51,942		51,942	
39,813	Total	125,826	122,391	9,056	104,835	8,500

7. APPLIED REVENUE RESERVES

In 2004/2005 the constituent authorities provided excess funding of £500K to support an increase in recruitment.

In 2005 / 2006, the constituent authorities match-funded to the level of Grant Aided Expenditure however the requisitions shown account for the repayment of £250K of this excess. A further £250K was repaid in 2006 / 2007.

8. ACCUMULATED SURPLUS

The surplus of requisitions paid plus police grant due over the actual net expenditure may be taken to reserves to provide a working balance and to provide against material unforeseen circumstances.

Also included in the Accumulated Surplus figure is the amount of funding which is required to be set aside to meet future commuted sums of police officers who were at the year end eligible to retire but chose to remain in service.

As at 31 March 2007 the amount included in the Accumulated Surplus but required to provide for future commuted sums was £1,101K (as at 31 March 2006 - £1,352K).

9. STAFF EMOLUMENTS

The number of police officers and police staff whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were:

	2005/06	2006/07
	Number of	Number of
<u>Remuneration Band</u>	Employees	Employees
£50,000-£59,999	5	9
£60,000-£69,999	5	5
£70,000-£79,999	0	1
£80,000-£89,999	1	1
£90,000-£99,999	2	1
£100,000-£109,999	0	1
£110,000-£119,999	1	0
£120,000-£129,999	0	1
	14	19

10. RELATED PARTIES

The Accounting Code of Practice requires disclosure as a note to the Income and Expenditure Account of material transactions with related parties not disclosed elsewhere within the Abstract of Accounts, and disclosure of amounts due to or from related parties as a note to the Balance Sheet.

All Joint Police Board members are members of constituent authorities as listed at page 3. The Joint Police Board does not remunerate the members for their services to it.

Ms Rose Mary Glackin, Clerk to the Joint Police Board, is the Director of Law and Administration at Falkirk Council. Mr William Watson, Treasurer to the Joint Police Board, is Head of Resource Management at Stirling Council.

For 2006/07 the material transactions with any related parties, which are not disclosed elsewhere within the Abstract of Accounts, are noted below :

	Goods / Services		Goods / Services	
	Purchased		Sold	
	2005/06	2006/07	2005/06	2006/07
	£000	£000	£000	£000
Clackmannanshire Council	82	80	75	335
Falkirk Council	384	483	278	281
Stirling Council	118	129	27	97

11. Discontinued Operations

Following the creation of the Scottish Police Support Agency (SPSA) from 1 April 2007, the Forensic Laboratory operations of Central Scotland Police and the other Scottish police forces will be transferred to the SPSA. It is anticipated that this transfer will have effect from 1 April 2007.

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2007

1. VALUATION OF THE BOARD'S ASSETS

The properties which comprise the Joint Police Board's property portfolio, with the exception of the Falkirk Police Station, were valued as at 1 April 2004 by Stirling Council Estates Services in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The land and buildings at the site of the new Falkirk police station were valued as at 1 November 2004, the property having become operational during October 2004.

The intention is to carry out asset re-valuations every five years, the next full valuation being due to take place during 2009/10 for the year ended 31 March 2010.

2. FIXED ASSETS INFORMATION AS AT 31 MARCH 2007

The Joint Police Board's fixed assets are in respect of Operational and Non-Operational Land and Buildings; Operational Vehicles; Computer, Laboratory and Other Equipment; Plant, Radio and Telecommunications Equipment.

Asset Type	Number	Number
	2005/06	2006/07
Police Stations	22	22
Police Houses – Operational	8	8
Radio Aerial Sites	8	8
Vehicles	192	184

3. FIXED ASSET STATEMENT

	Land & Buildings	Non- Operational Assets	Operational Vehicles	Computer, Plant and Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000
Gross Valuation						
Opening Balance as at 1.4.06	36,122	0	2,426	6,620	114	45,282
Revaluations/Restatements	146	-	-	-	-	146
Additions	787	-	390	669	(114)	1,732
Disposals	(94)	-	(423)	-	-	(517)
Balance as at 31.3.2007	36,961	0	2,393	7,289	0	46,643
Depreciation						
Opening Balance as at 1.4.06	3,894	0	1,034	3,403	0	8,331
Relating to disposals	(94)	-	(315)	-	-	(409)
Charge for the year	1,016	-	356	1,450	-	2,822
Balance as at 31.3.2007	4,816	0	1,075	4,853	0	10,744
Written Down Value as at 31.3.2007	32,145	0	1,318	2,436	0	35,899
Written Down Value as at 31.3.2006	32,228	0	1,392	3,217	114	36,951

4. CAPITAL EXPENDITURE IN THE YEAR

Capital expenditure of £1,732 was incurred in the year. The additions were funded as follows:-

	2005/06		2006/07	
	%	£000	%	£000
Capital Grants (2006/07) Applied	63.3	1,494	90.5	1,567
Capital Grants (brought forward) Applied	3.3	78	0	0
Capital Receipts Applied	7.7	183	9.5	165
Capital Funded from Revenue	3.9	91	0	0
		1,846		1,732

5. CAPITAL COMMITMENTS

There were no capital commitments incumbent on the Joint Board as at 31 March 2007, (31 March 2006: £272k).

6. DEBTORS

The debtors balance as at the year end is made up as follows:

	2005/06	2006/07
	£000	£000
Government Grants	715	665
VAT	255	264
Other Grants & Recharges	1,209	1,064
Sales Ledger Debtors	504	348
Sundry Prepayments	255	202
	2,938	2,543

Related Party Debtors

Included in the above balance, related party debtors at 31 March 2007 are as follows:

	£000
Clackmannanshire Council	157
Falkirk Council	44
Stirling Council	16

7. CREDITORS

The creditors balance as at the year end is made up as follows:

	2005/06	2006/07
	£000	£000
Payroll Accruals	1,585	1,310
Government Grants	55	-
Purchase Ledger Creditors	687	446
Sundry Accruals	903	1,155
	3,230	2,911

Related Party Creditors

Included in the above balance, related party creditors at 31 March 2007 are as follows:

	£000
Falkirk Council	2

8. POLICE PENSION PROVISION

Provisions are amounts which have been set aside to meet liabilities which are certain to arise but because of their inherent nature cannot be quantified with any certainty.

In order to preserve the funding to pay for the cost of the commuted sums of officers eligible to retire but who have not yet done so, the amount previously held in a provision is now included in the Accumulated Surplus Carried Forward and “earmarked” for this purpose. As at 31 March 2007, the earmarked amount is £1,101K (31 March 2006 - £1,352K). This is also detailed in Note 8 of the Notes to the Income and Expenditure Account on page 16 and at Note 13, General Fund Balance on page 24.

9. ACCOUNTING FOR RETIREMENT BENEFITS

As part of the terms and conditions of employment of police officers and police staff, the Joint Police Board offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Board has a commitment to make the payments and that commitment needs to be incorporated into the Abstract of Accounts and disclosed at the time that employees earn their future pension entitlement.

The Board participates in three pension schemes:

- the Local Government Pension Scheme for police staff, administered by Falkirk Council - this is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets, and
- two Police Pension Schemes for police officers – these are unfunded schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet schemes’ benefits as they eventually fall due.

In 2006/07, pension costs have been charged to the consolidated Income and Expenditure Account on the accruals basis as prescribed in FRS 17. As at 31 March 2007, the Board had the following overall assets and liabilities for pensions. In compliance with FRS 17 these have been included in the Balance Sheet as at 31 March 2007.

	Local Government Pension Scheme		Police Pension Schemes		Totals	
	£000		£000		£000	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006	31 March 2007	31 March 2006
Estimated liabilities in scheme	(24,226)	(23,880)	(327,900)	(330,300)	(352,126)	(354,180)
Estimated unfunded discretionary liabilities	(225)	(233)	0	0	(225)	(233)
Estimated assets in scheme	20,226	17,995	0	0	20,226	17,995
Net asset/ (liability)	(4,225)	(6,118)	(327,900)	(330,300)	(332,125)	(336,418)

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Hymans Robertson, an independent firm of Actuaries, has assessed both the Police Pensions Scheme and the Falkirk Council Pension Fund liabilities. The main assumptions used in their calculations have been: -

	Local Government Pension Scheme		Police Pension Schemes	
	2006/07	2005/06	2006/07	2005/06
Rate of Inflation	3.2%	3.1%	3.2%	3.1%
Rate of increase in salaries	4.7%	4.6%	4.7%	4.6%
Rate of increase in pensions	3.2%	3.1%	3.2%	3.1%
Rate for discounting scheme liabilities	5.4%	4.9%	5.4%	4.9%

The Police Pensions Scheme has no assets to cover its liabilities. Assets in the Falkirk Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories by proportion of the total assets held by the Fund:

	Long Term Return	31 March 2007	31 March 2006
Equity Investments	7.8%	73%	73%
Bonds	4.9%	14%	13%
Property	5.8%	11%	11%
Cash	4.9%	2%	3%
		100%	100%

The movement in the net pension liability for the year to 31 March 2007 is as follows:

	Local Government Pension Scheme	Police Pension Schemes
	£000	£000
Net pensions (liability) at 1 April 2006	(6,118)	(330,300)
<i>Movements in the year:</i>		
◆ current service cost	(1,484)	(13,300)
◆ employer's contributions payable to scheme	1,042	5,900
◆ transfers in from other authorities	-	-
◆ transfers out to other authorities	-	-
◆ contributions in respect of unfunded benefits	16	-
◆ pensions and lump sum expenditure	-	-
◆ past service costs	325	-
◆ interest cost	(1,211)	(16,400)
◆ net return on assets in the scheme	1252	-
◆ actuarial gains / (losses)	1,953	26,200
Net pension (liability) at 31 March 2007	(4,225)	(327,900)

The actuarial gains can be analysed into the following categories, measured as absolute amounts and as a percentage of estimated assets and liabilities at 31 March 2007.

Local Government Pension Scheme	31 March 2007		31 March 2006		31 March 2005		31 March 2004	
	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets	(161)	(0.8)% of assets	2,406	13.4% of assets	382	2.9% of assets	1,618	14.6% of assets
Differences between actuarial assumptions about liabilities and actual experience	(4)	0.0% of liabilities	464	1.9% of liabilities	(7)	0.0% of liabilities	35	0.3% of liabilities
Changes in the demographic and financial assumptions used to estimate liabilities	0	0	0	0	0	0	0	0
Changes in the Financial Assumptions underlying the present value of the Scheme Liabilities	2,118	0	(3,241)	0	(3,653)	0	0	0
Actuarial Gain/(Loss)	1,953	-	(371)	-	(3,278)	-	1,653	-

Police Pension Schemes	31 March 2007		31 March 2006		31 March 2005		31 March 2004	
	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets	2,900	0.9% of assets	2,700	0.8% of assets	1,800	0.7% of assets	(200)	(0.1)% of assets
Differences between actuarial assumptions about liabilities and actual experience	23,300	7.1% of liabilities	(35,600)	(10.8)% of liabilities	(52,458)	(18.9)% of liabilities	0	0
Changes in the demographic and financial assumptions used to estimate liabilities	0	0	0	0	0	0	0	0
Actuarial Gain/(Loss)	26,200	-	(32,900)	-	(50,658)	-	(200)	-

10. GOVERNMENT GRANTS – DEFERRED ACCOUNT

Since the financial year 2004/05 capital expenditure is supported by a capital grant from the Scottish Executive. The amount of grant is settled during the budgeting process, and paid by the Executive in twelve monthly instalments to the Joint Police Board.

The capital grant is held in the Balance Sheet, and is amortised over the useful life of the asset with which it is associated.

During 2006/07, the Board received a capital grant of £1.5 million. This grant was fully utilised, along with other capital funding (see Balance Sheet Note 4 above) to support capital expenditure.

Details of the amounts received and amortised are as follows:

	2005/06	2006/07
	£000	£000
Opening balance at 1 April	4,317	5,013
Grant received	1,494	1,567
Amortisation for the year	(798)	(824)
	<hr/>	<hr/>
Closing balance at 31 March	5,013	5,756

11. LONG TERM BORROWING – STIRLING COUNCIL

The debt to Stirling Council is repayable over the following periods:

	2005/06	2006/07
	£000	£000
Loans due within 1 year	857	636
Loans due 1 – 2 years	636	574
Loans due 2 – 5 years	1,622	1,302
Loans due 5 – 10 years	952	830
Loans due over 10 years	8,293	8,160
	<hr/>	<hr/>
Total due 31 March	12,360	11,502

12. INSURANCE RESERVE

During the 2006/07 financial year, Income and Expenditure Accounts were charged with an amount which reflected the self insured element of insurance costs. This amount was credited to an Insurance Account in line with the guidelines issued by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) in December 2005. The Insurance Account would then pay out against the self-insured element (i.e. the excess) of any claims. In addition, £19K, (2006 £27K) was provided in respect of the self-funded elements of liability and motor claims which were unsettled at 31 March 2007.

At the end of the year, any surplus or deficit on the Insurance Account is dealt with by appropriation to or from the Insurance Reserve. The movement on the Reserve during 2006/07 is shown in the following table.

	2005/06	2006/07	Movement
	£000	£000	£000
Insurance Reserve	66	46	20

13. GENERAL FUND BALANCE

The surplus of requisitions paid plus police grant due over the actual net expenditure is taken to reserves to provide a working balance and to provide against material unforeseen circumstances.

Also included in the Fund Balance figure is the amount of funding which is required to be set aside to meet future commuted sums of police officers who were at the year end eligible to retire but chose to remain in service.

As at 31 March 2007 the amount included in the Fund Balance but required to provide for future commuted sums was £1,101K (as at 31 March 2006 - £1,352K).

14. PENSION RESERVE

In compliance with FRS 17, a Pension Reserve has been established in the Balance Sheet to represent the accumulated assets / liabilities resulting from processing the entries required for full compliance with FRS17.

The movement in the Pension Reserve for the year is as follows:

	2005/06	2006/07
	£000	£000
Opening Balance	282,377	336,418
Unfunded Discretionary Benefits	(16)	(16)
Net Actuarial (Gains) / Losses	33,271	(28,153)
Adjustment for Employer's Contributions Paid	(6,324)	(6,942)
Reversal of Income and Expenditure Account Entries	27,010	30,818
Transfer to Other Authority	(100)	-
Transfer from Other Authority	200	-
Closing Balance	336,418	332,125

15. STATEMENT OF MOVEMENT IN CAPITAL ACCOUNTS

	Fixed Asset Restatement Account	Capital Financing Account	Usable Capital Receipts Account	Total
	£000	£000	£000	£000
Balance as at 1 April 2006	(18,575)	(798)	(582)	(19,955)
Revaluation of assets	(146)	-	-	(146)
Effects of disposals of fixed assets	108	-	-	108
Proceeds of disposal	-	-	(82)	(82)
Difference between loan principal repayment and depreciation	-	1,967	-	1,967
Applied capital receipts	-	(165)	165	-
Amortisation of capital grant	-	(823)	-	(823)
Balance as at 31 March 2007	(18,613)	181	(499)	(18,931)

Fixed Asset Restatement Account

The Fixed Asset Restatement Account represents the difference between the valuation of assets under the previous system of capital accounting and the revaluation as at 1 April 1994. The account is adjusted on an accruals basis to reflect the disposal of assets and the effect of revaluations and restatement of asset values. The account cannot be called upon to support expenditure.

Capital Financing Account

The Capital Financing Account contains the amount of Capital Funded from Current Revenue. It also contains the difference between depreciation of assets and the amounts required to be charged to revenue to repay the principal element of external loans. The account cannot be called upon to support expenditure.

Usable Capital Receipts Account

The Usable Capital Receipts Account contains capital receipts from the disposal of assets which can be utilised to finance capital expenditure.

16. POST BALANCE SHEET EVENT

There are no significant post balance sheet events.

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2007**

1. RECONCILIATION OF INCOME AND EXPENDITURE ACCOUNT BALANCES TO NET CASH FLOW FROM REVENUE ACTIVITIES

	£000	£000
Income and Expenditure Account Balance		1,410
Interest paid		(763)
Interest received		79
Repayment of Amounts Borrowed		(857)
Capital finances from current revenue		-
Non-Cash Transactions:-		
Insurance Fund		(20)
Items on an Accruals Basis:-		
Increase in Stocks	57	
Decrease in Debtors	(347)	
Decrease in Creditors	319	
	<u> </u>	<u>29</u>
Cash Inflow from Revenue Activities		<u>(122)</u>

2. ANALYSIS OF CASH BALANCES

	01-Apr-06	31-Mar-07	Movement
	£000	£000	£000
Cash in Hand	5	5	0
Bank	<u>0</u>	<u>0</u>	<u>0</u>
	<u>5</u>	<u>5</u>	<u>0</u>

3. MANAGEMENT OF LIQUID RESOURCES

	01 April 2006	31 March 2007	Movement
	£000	£000	£000
Temporary Advances to Stirling Council Loans Fund	3,219	1,717	(1,502)

4. ANALYSIS OF GOVERNMENT GRANTS

	£000
Police Specific Grant	25,530
Other Government Grants	<u>770</u>
TOTAL	<u>26,300</u>

**CENTRAL SCOTLAND JOINT POLICE BOARD
STATEMENT OF RESPONSIBILITIES FOR THE ABSTRACT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007**

The Joint Police Board's Responsibilities

The Joint Police Board is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Joint Police Board that Officer is the Treasurer
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- To ensure that the requirements of Corporate Governance are met

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Police Board's Abstract of Accounts which, in terms of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the SORP'), is required to present fairly the financial position of the Joint Police Board at the accounting date and its income and expenditure for the year ended 31 March 2007.

In preparing this statement of accounts, the Treasurer has:

- ◆ selected suitable accounting policies and applied them consistently
- ◆ made judgements and estimates that were reasonable and prudent
- ◆ complied with the Code of Practice

The Treasurer has also:

- ◆ kept proper accounting records which were up to date
- ◆ taken reasonable steps for the prevention and detection of fraud and other irregularities

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2007

1. This statement is given in respect of the statement of accounts for Central Scotland Joint Police Board. The Board acknowledges responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.
2. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
3. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Managers within the Board undertake development and maintenance of the system. In particular, the system includes:
 - comprehensive budgeting systems;
 - regular reviews of periodic and annual financial reports which indicate financial performance against forecasts;
 - setting targets to measure financial and other performance;
 - the preparation of regular financial reports which indicate actual expenditure against the forecasts;
 - clearly-defined capital expenditure guidelines; and
 - formal project management disciplines as appropriate.
4. The Board also employ a comprehensive system of risk management which applies to all key areas of the organisation. For example, the application of the National Intelligence Model in the operational sphere and the use of PRINCE2 project management methodology, incorporating risk management. To further enhance this, the Force has developed an over-arching Risk Management Framework, Risk Management Procedures and risk register.
5. The Force has completed a comprehensive Business Continuity project using PRINCE2 project management methodology. The result of this is the creation of a Business Continuity Framework encompassing disaster recovery plans for all key risks which could potentially impact the operational capability of the Force.
6. The Internal Audit Unit of Stirling Council provides the Internal Audit function for the Board. It primarily covers System and Probity Audits across the Board, although the work undertaken is more varied and also includes:-
 - Advice and Consultancy
 - Fraud Prevention and Investigation
 - Review of Financial Procedures and Systems
 - Specific tasks requested by the Board

The Unit operates a five-year rolling audit plan based on the risk assessment methodology prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA). This incorporates any major local risk areas together with audit priorities and concerns raised by senior officials. The plan identifies all areas that require to be reviewed together with an estimate of resources required to implement the plan. The plan is reviewed and revised each year to take account of operational and/or legislative changes with resources being allocated to areas of highest priority.

Audit reports are issued by the Audit Manager to the Chief Constable with copies provided to the Treasurer, the Director Of Finance and Resources, External Audit and reported to the Central Scotland Joint Police Board Best Value and Audit Sub-committee.

The audit work must meet the standards laid down in the CIPFA Code of Practice for Internal Auditors. This is confirmed each year by External Audit in order to place reliance upon the work of the Unit in relation to the core financial systems. The Internal Audit Unit is required to meet a number of internal performance indicators.

From the work performed as part of the annual audit plan for 2006/07, the Internal Audit Manager has concluded that after considering officers' responses and implementation of recommendations made, reasonable assurance can be placed upon the internal controls in operation throughout the Board.

7. The review of the effectiveness of the system of internal financial control is informed by:
 - The work of managers within the Board;
 - The work of the internal auditors as described above, and
 - The external auditors in their annual audit letter and other reports.
8. From the work carried out by Internal Audit in 2006/07 it can be confirmed that other than the issues highlighted in audit reports as recommendations, the system controls were found to be operating as required. Internal Audit carry out a planned programme of follow-up reviews to ensure that all material recommendations from audit reports are implemented. Where agreed actions remain outstanding, these are reported to the Chief Constable, the Treasurer the Director of Finance and Resources and Central Scotland Joint Police Board Best Value and Audit Sub-committee.
9. For 2006/07 it can be confirmed that all material recommendations were acted upon by the Board. The Internal Audit Annual Report 2006/07, which will be presented to the Best Value & Audit Sub-Committee of the Joint Board, outlined the following key areas, in this regard :

Income

- review of the written procedures in respect of income and banking will strengthen controls in this area including reconciliation procedures to ensure appropriate segregation of duty takes place and more stringent double-checking procedures ensuring any anomalies are dealt with promptly
- a revised Service Level Agreement is in place for Treasury Management and loans fund services.

Creditors

- written policy and procedures regarding the use of fuel cards will enhance controls as will updated documentation to support the medical officers payments and authorised signatories
- more robust imprest procedures and security arrangements will supplement existing controls in these areas.

Payroll

- timeliness of starters and leavers information and Human Resources authorisation will be addressed as will the regular management reconciliation check of personnel records
- a policy and procedure in respect of repayment of overpaid salaries is being given consideration

Risk Management Arrangements

- updates in relation to computer security and disaster recovery planning will provide further assurance in this area
- the overall risk management framework and procedures have been developed and further development of the Force risk register will improve management arrangements

10. As part of the Board's responsibilities for corporate governance, the Best Value and Audit sub-committee is now firmly established. In terms of corporate governance, this group fulfils the requirements of an audit committee and has a schedule of quarterly meetings arranged to address pertinent issues. With regard to anti fraud and corruption, policies and regulations developed provide a robust process for preventing and/or detecting wrongdoing. Also, the Professional Standards Department published the Central Scotland Police Professional Standards Policy and the Central Scotland Police Ethics Policy which incorporate the requirements of an anti fraud and corruption strategy. Also, the Force has continued the availability of "Safecall" which is an independent confidential reporting facility for staff to report wrongdoing, and the Workplace Contact Scheme for staff to seek advice from contact advisors on coping with harassment, discrimination and / or bullying. These are both important tools which clearly demonstrate the Force's commitment to identify and deal effectively with wrongdoing. Furthermore, there is an ongoing review designed to ensure that a comprehensive library of up to date financial procedures exists.

W. R. Watson

**William Watson CPFA
Treasurer**

Independent Auditor's Report

Independent auditor's report to the members of Central Scotland Joint Police Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Central Scotland Joint Police Board for the year ended 31 March 2007 under Part VII of the Local Government (Scotland) Act 1973. These comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Treasurer and auditor

The Treasurer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2006 - A Statement of Recommended Practice (the 2006 SORP) are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission.

I report my opinion as to whether the financial statements present fairly the financial position of the Board in accordance with applicable laws and regulations and the 2006 SORP, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973. I also report if, in my opinion, the Treasurer's Report is not consistent with the financial statements, if the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on the System of Internal Financial Control reflects the Board's compliance with the SORP. I report if, in my opinion, it does not comply with the SORP or if it is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement covers all risk and controls. Neither am I required to form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

I read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Statutory Performance Indicators. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information

Basis of audit opinion

I conducted my audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Treasurer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion

- the financial statements present fairly, in accordance with applicable laws and regulations and the 2006 SORP, the financial position of the Board as at 31 March 2007 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

Bruce Crosbie FCCA, Senior Audit Manager
Audit Scotland – Audit Services
Osborne House, 1/5 Osborne Terrace
Edinburgh, EH12 5HG

7 September 2007

CENTRAL SCOTLAND JOINT POLICE BOARD

STATUTORY PERFORMANCE INDICATORS 2006/2007

The Local Government Act 1992 requires the Force to publish Statutory Performance Indicators relating to activities that will facilitate the making of appropriate comparisons by reference to the criteria of cost, economy, efficiency and effectiveness. The indicators for Central Scotland Police for the financial year ending 31st March 2007 are detailed under the headings shown below. The 2005/06 figures are also displayed to allow comparisons to be made between years.

INDICATOR 1

	2005/2006	2006/2007
The percentage of crimes cleared up	64.9%	59.4%

INDICATOR 2

	2005/2006	2006/2007
a) The percentage of serious violent crime cleared up	96.3%	94.3%

	2005/2006	2006/2007
b) The percentage of housebreakings cleared up	43.8%	40.7%

	2005/2006	2006/2007
c) The percentage of car crimes cleared up	48.0%	37.8%

INDICATOR 3

	2005/2006	2006/2007
The proportion of 999 calls answered within 10 seconds	86.8%	92.4%

INDICATOR 4

	2005/2006	2006/2007
The proportion of working time lost due to sickness absence for:		
(a) Police Officers	3.6%	4.4%
(b) Support Staff	3.7%	4.8%

INDICATOR 5

	2005/2006	2006/2007
The number of complaints per 100 members of the police force	10.2	11.8

INDICATOR 6

	2005/2006	2006/2007
a) The number of racist incidents per 1,000 population	1.2	1.3
b) The percentage of racially aggravated crimes cleared up	84.5%	82.5%

INDICATOR 7

		2005/2006	2006/2007
a) The number of Class A drug seizures and percentage change compared with 2000-2003	Weight No. of Doses/Tablets Volume	72.3%	298.6%
b) The number of offences for supply and possession with intent to supply Class A drugs and percentage change compared with 2000-2003		53.6%	43.7%
		337%	-22.8%
		197.9%	145.8%

INDICATOR 8

	2005/2006	2006/2007
The number of people killed or injured as a result of road accidents and percentage change compared with the 5 year average 1994 to 1998 :		
(a) All people killed or seriously injured	-33.1%	-41.4%
(b) Children killed or seriously injured	-59.0%	-59.0%
(c) All people with slight injuries	-12.0%	-0.9%

INDICATOR 9

	2005/2006	2006/2007
The percentage of police reports sent to the Children's Reporter within 10 days of caution/charge	69.1%	82.3%

INDICATOR 10

The percentage of police reports sent to the Procurator Fiscal within 28 days of caution/charge	63.8%	77.2%
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