



West Mercia Probation Board

ANNUAL REPORT

2006-07

Contents

Introduction	4
Aims of the National Probation Service	4
Management Commentary Part 1: Operational and Performance Review	
<i>A. Enablers</i>	
Leadership	5
Policy and Strategy	5-6
People Management	6-7
Partnerships and Resources	7
Processes	7-8
<i>B. Results</i>	
Customer Results	9
People Results	9-10
Key Performance Results	10-11
<i>C. Workload and Activity Statistics</i>	12
<i>D. Names of Board Members & Official Contact Address</i>	13
Management Commentary Part 2: Financial Review & Remuneration Report	
Statutory Background	14
Accounts	14
Principal Activities	14
Pension Liabilities	15

Appointments	15
Public Interest	16
Management	16
External Accountability	17
Post Balance Sheet Events	17
Statement of Accountable Officer's Responsibilities	17-18
Statement of Internal Control	18-21
Independent auditor's report to the members of West Mercia Probation Board	
Opinion on the financial statements	22-23
<i>Respective Responsibilities of Accountable Officer and auditors</i>	
<i>Basis of audit opinion</i>	
<i>Opinion</i>	
Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources	24
<i>Accountable Officer's Responsibilities</i>	
<i>Auditor's Responsibilities</i>	
<i>Conclusion</i>	
Certificate	24
Accounts Direction	25
Annex G – Appendix 1 and 2	26-27
Operating Cost Statement	28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Accounts	31-47

Introduction

Aims of the National Probation Service

- To protect the public:
- To reduce re-offending;
- To provide for the proper punishment of offenders:
- To ensure that offenders are aware of the effects of their crimes on their victims and on the public; and
- To rehabilitate offenders

Management Commentary Part 1: Operational and Performance Review

A. Enablers

Enablers cover those aspects of the organisation which support the achievement of results. Whilst separated into five separate elements they are inevitably inter-connected in terms of organisation structure and impact.

Leadership

Effective Supervision Follow-Up Inspection

Following the Effective Supervision Inspection in the previous year, which demonstrated some shortcomings in respect of risk management processes, the follow-up report in August 2006 stated; "The Board and Chief Officer had given a clear priority to ensuring that the area responded promptly to the concerns about the quality of assessment and management of risk of harm raised in the original inspection. A comprehensive 'Improvement Action Plan' had been generated, which explored further the issues identified in the inspection report and sought to address them".

Recruitment of new Board

A recruitment campaign took place to replace the Board Chair and eight of the twelve Board members who would come to the end of their term in office at the end of the year. A very active campaign was designed to engage with local communities in order to recruit new members from a wide range of people and sectors. The success of this approach was demonstrated by the fact we received a high number of quality applications and a new Chair and Board members were selected to take up office in the year ahead.

West Mercia Probation Area would like to express their appreciation of the outgoing Board Chair and Board Members who all showed a very strong commitment to supporting the organisation in achieving its aims and objectives throughout their period in office.

Media Attention

Additional work was required in response to the national media attention to cases like Hanson & White and Rice to ensure we could demonstrate we have plans in place to minimise risk of similar problems arising in this area. It was also important to keep staff morale raised at a time where negative publicity about the service was much more prevalent.

Policy and Strategy

Approved Premises

We have followed the national strategy on working with high risk offenders and have developed strong links between offender management in the community, hostel residency and MAPPA processes. In addition we have been working towards making best and safest use of our hostel facilities by moving towards single gender accommodation. We continue to have good links with the community liaison group in respect of our approved premises.

Offender Management

Our priority has been the second stage of implementation of the offender management model, which is the end-to-end offender management for high risk and prolific and priority offenders (PPO). This requires more co-ordinated and consistent planning of work with offenders during their sentence, whether in custody or the community with a single probation service based offender manager responsible for sentence planning throughout. We have worked very closely at senior management level with colleagues across the region in both prison and probation to put in place effective systems across both services. We are still at a relatively early stage of development but the region has received recognition nationally of the good working relationship between the two services. Initial evidence from monitoring shows that staff in the two services are working effectively together to make the model work with the first group of offenders who fall within it.

Interventions

- An extensive review of the management model and structure for unpaid work took place and changes made accordingly with an improvement programme put in place.
- A new accredited programme, the Integrated Domestic Abuse Programme (IDAP) was introduced during the course of the year and was well received by both sentencers and staff as a positive approach to working with those convicted of domestic violence.
- Our prolific and priority offenders' project, Growing out of Crime, has taken a very positive approach to working with a difficult group of offenders. West Mercia worked alongside TV Presenter and Gardener, Monty Don and the project was filmed and broadcast by the BBC. This meant it has been very visible to the wider community and has created an enormous amount of positive publicity in a year when negative publicity prevailed.
- Connect has made a very positive contribution in the region to work with those offenders sentenced to less than 12 months who are most likely to return to custody and who fall outside of statutory provision for offenders. The Chief Officer was asked to take a secondment at the end of this year to investigate the opportunities for promoting similar schemes across the country. It has been recognised that Connect provides a possible alternative to custody plus which was withdrawn nationally close to implementation due to recognition of the heavy demand it would make upon resourcing.

People Management

Chief Officer Group

The secondment of one Assistant Chief Officer to a regional post and other events during the course of the year led to the Assistant Chief Officer Group being reduced substantially to two members. During this time an opportunity was taken to review how senior manager resources could best be deployed within Head Office prior to recruitment of two additional senior managers in the new year.

Job Evaluation

A good deal of time and resources were used to complete the job evaluation process within the agreed timescales and on budget, allowing for implementation of all agreed adjustments to take place at the start of next year.

Health and Safety

'Revitalising Health and Safety', the Health and Safety Strategy of the National Probation Service was launched in 2002 and was divided into three phases. The final phase, phase three, commenced this year and work continued throughout the year.

Sickness Absence

Sickness absence continues to be problematic. It is recognised that this is due, in part, to staff on long term sick leave. During the course of the year the amount of sick days taken reduced in some months to below the required levels but overall has ended the year above the target of 9 days on 11.24 days. This is, however, an improvement on last year's figure of 13.04 days.

Partnerships and Resources

- We continued to work closely with a number of partnership agencies promoting strong links with the community. This includes our work in partnership with Youth Support Services on the prolific offender programme. Youth Support Services provide mentoring and community re-integration provision for these offenders who are responsible for a high volume of crime within the area.

National Statistics on re-offending have demonstrated that across West Mercia we have achieved the best performance nationally in relation to a reduction in re-offending rates for this category of offender. This has been achieved in partnership with the local community safety forums, police, courts and other key partners.

- A high proportion of our budget, relative to other probation areas, is spent on partnerships in supporting re-integration of offenders back into the community. We positively promote the concept of working in partnership with the community and are working towards equipping ourselves for the new contestability agenda and the proposed changes to governance of services progressing through parliament designed to introduce the concept of probation trusts.
- Regional collaboration continued around the Community Sex Offender Unit which is now well established and providing positive outcomes in terms of completion of sex offender programmes across the region.
- Regional collaboration with regard to offender management implementation is good and we continue to support the regional project board and also Connect which is run regionally.
- We continue to work in partnership with the Police on the Elgar Project, which targets persistent offenders. During the past year Growing out of Crime has evolved as an extension of the Elgar Project. Since filming finished and Monty Don is no longer associated with the project, it has been moved to a new location nearer Worcester making it more easily accessible for offenders.

Processes

Pre-Sentence Report Timeliness

This continues to be high priority. Resourcing issues during the course of the year have affected performance but at the end of year we achieved 80% of standard delivery reports produced within 15 days. We also continue to improve on the

provision of reports that are fast delivery by targeting, at court, those cases where information can be provided to the court without the need for an adjournment for a full standard delivery report. This in turn helps us make best use of our resources and supports our ability to achieve the 15 day target.

Multi Agency Public Protection Arrangements (MAPPA)

MAPPA processes were reviewed and as a result it was agreed with partner agencies to a restructure of the arrangements for the management of MAPPA level 2 meetings, with all agencies making a financial contribution towards the new provision. New arrangements will be in place in the year ahead. They are designed to build upon the best practise identified at level 3 and to make a more consistent quality of delivery across the two levels. In addition, the new model will further promote inter-agency working between police and probation in particular and facilitate more effective monitoring of arrangements by the strategic management board responsible for overseeing MAPPA work.

B. Results

Summary of Achievements 2006-07

- Follow-up Effective Supervision Inspection showed active improvement in a number of key areas.
- Achieving the highest level of commissioning in the voluntary and community sector and achieving over the 5% budget spend target.
- Achieving sign-off of the offender management model phase II.
- Overall achievement of the targets set and satisfied that our resources were deployed effectively in order to achieve these.
- Overall achievement of +79 on the weighted scorecard which shows an improvement on last year's score.

Customer Results

Work with Courts

West Mercia Probation Area has continued to prioritise work with courts as our customers. Our programme of liaison forums in all bench areas have continued to be well attended and achieved positive feedback as has the area wide forum steering group consisting of representatives from benches, legal advisors and probation staff. We also organise shadowing opportunities and a conference for newly appointed Magistrates.

Victim Contact

PT2 Victim or victim's family to be contacted within National Standard of 8 weeks from sentence in 85% of cases involving serious sexual or other violent offender where offender is sentenced to 12 months or more.

Target: 85%

Achieved: 95%

Basic Skills

PT8 Number of skills for life referrals achieved against target - 104%

Target: 871

Achieved: 903

PT9 Number of unemployed offenders gaining employment against target – 105%

Target: 272

Achieved: 286

PM6 Number of offenders placed in employment that is retained for four weeks against target – 86%

Target: 218

Achieved: 187

People Results

In addition to the performance targets West Mercia Probation Area held a highly successful staff conference at Ludlow Racecourse to which all employees were invited. The conference reflected the themes of the Business Plan and focused largely on performance whilst also not losing sight of the traditional values of the Probation Service. Speakers included

Guardian writer and lifer, Erwin James and Christine Lawrie, Head of Delivery & Quality, National Probation Directorate. The conference finished with the annual awards ceremony and the High Sheriffs' awards.

Race Equality

PT12 Contribution to achieving regionally set employment targets for minority ethnic staff – 6.94%

PT13 Proportion of race and ethnic monitoring data on (a) staff and (b) offenders which is returned on time and using the correct (Census 2001) classifications.

Target: 95%

Achieved: 100%

Staff Sickness

PT14 Reduce sickness absence in the National Probation Service to an average of 9 days per member of staff per year.

Target: 9 days

Achieved: 11.24 days

Key Performance Results

Offenders who pose a high risk of harm

PT1 Risk assessments, risk management plans and OASys sentence plans are completed on high risk offenders within 5 working days of the commencement of the order or release into the community.

Target: 90%

Achieved: 96%

Prolific and other priority offenders

PT3 Risk assessments and OASys sentence plans are completed on Prolific and Other Priority Offenders (PPOs) within 5 working days of the commencement of the order or release into the community.

Target: 90%

Achieved: 95%

Reports to Courts

PT4 90% of PSRs to be completed within the required time, ie

- On the day requested for fast delivery PSRs to Magistrates' courts – 93%
- Within 15 working days for standard delivery PSRs to Magistrates' courts, except where the offender is remanded in custody in which case the timescale is 10 working days – 80%
- By the date set by the commissioning court for Crown Courts – 91%

PM1 40% of PSRs for Magistrates' Courts to be fast delivery

Target: 40%

Achieved: 25%

Unpaid Work

PT5 Number of successful completions of unpaid work against target – 101%

Target: 921

Achieved: 928

Enforcement

PT6 Initiate breach proceedings in accordance with National Standards within 10 working days

Target: 90%

Achieved: 95%

Compliance

PT7 The proportion of arranged appointments which the offender attends in the first 26 weeks

Target: 85%

Achieved: 80%

PM2 The proportion of cases that reach the six month stage without requiring breach action (no second unacceptable failure to comply with an order, no third unacceptable failure to comply with a licence)

Target: 70%

Achieved: 69%

PM3 The average number of acceptable failures to attend appointments in orders and licences during the first 26 weeks

Orders: 5

Licences: 2

PM4 The proportion of orders and licences that terminate successfully

Orders: 56%

Licences: 91%

DTTOs/DRRs

PT10 Number of successful DTTO/DRR completions against target – 124%

Target: 85

Achieved: 105

PM7 Number of DTTO/DRR commencements against target - 80%

Target: 290

Achieved: 233

Accredited Programmes

PT11 Number of accredited programme completions against target, including contribution to regional targets on sex offender treatment programme completions and domestic violence programme completions – 101%

Target: 345

Achieved: 347

C. Workload and Activity Statistics

Orders	Intake 2003/2004	2004/2005	2005/2006	2006/2007
Life Sentence	6	10	7	4
Stat Post-release supervision	716	663	648	694
Community Order	-	-	1612	2162
CPRO	327	367	179	61
Community Rehabilitation Order	1142	1108	514	87
Community Punishment Order	850	961	567	113
Drug Treatment and Testing Order	199	194	61	5
Suspended Sentence Order	-	-	205	713
TOTAL	3246	3306	3721	3839

Caseload	At 31.03.2004	At 31.03.2005	At 31.03.2006	At 31.03.2007
Life Sentence	120	126	128	128
Stat post release supervision	-	-	-	470
Community Order	-	-	1206	1716
CPRO	312	357	214	83
Community Rehabilitation Order	1067	1151	658	207
Community Punishment Order	561	754	376	104
Drug Treatment and Testing Order	158	163	49	4
Suspended Sentence Order	-	-	162	582
TOTAL	2222	2555	2793	3294

Amount of PSRs written	2003/2004	2004/2005	2005/2006	2006/2007
Crown Court	933	927	1097	953
Magistrates Court	2143	2055	1811	1940
TOTAL	3076	2982	2908	2893
Amount of SSRs/FDRs written	2003/2004	2004/2005	2005/2006	2006/2007
Crown Court	5	10	27	23
Magistrates Court	601	737	1024	603
TOTAL	606	747	1051	626

Community Punishment Hours	2003/2004	2004/2005	2005/2006	2006/2007
Amount of hours ordered	125,940	138,110	167,980	146,613
Amount of hours worked	71%	63%	119,418	132,938 (91%)
Victims				
Total number of victims contacted within 8 weeks of sentence	215	220	260	128 (April-Dec)

D. Names of Board Members & Official Contact Address

Mrs Tricia Bradbury MBE, JP – Chair

Mr D D Ahir, JP

Mrs Libhin Bromley, JP

His Honour Judge J Cavell

Mr David Chantler

Mr John Eastwood

Ms Camella Flemming

Mr Martin Foley, JP

Mr John Hillier OBE

Mr Ken Hockenhull

Dr Haseena Lockhat

Mr David Price

Mrs Valerie Reynolds

Mr David Williams, MBE

Mr Michael Woolley, JP

West Mercia Probation Area

Head Office

Stourbank House

90 Mill Street

Kidderminster DY11 6XA

Management Commentary Part 2: Financial Review & Remuneration Report

Statutory Background

The National Probation Service for England and Wales was established by the Criminal Justice and Court Services Act 2000. Local probation boards were established in accordance with the police areas to implement the functions conferred on them through the Act. Each board is a corporate body, which came into existence on 1st April 2001.

Accounts

Each board is required under Schedule 1, paragraph 16(1) of the Act to make a report to the Secretary of State on the performance of its functions during each financial year, and prepare in respect of each financial year a statement of accounts.

Under Schedule 1, paragraph 16(2) of the Act, the Secretary of State has given direction as to:

- The information to be given in the report and the form, in which it is to be given;
- The time by which the report is to be made, and
- The form and manner in which the report is to be published.

Principal Activities

West Mercia Probation Board covers the West Mercia police area, as defined in Schedule 1 of the Police Act 1996, serving a population of over 1.1 million. During the year, the board employed some 370 staff that worked from 12 buildings and 1 hostel across the area.

Each board is to initially provide assistance to the courts in determining the appropriate sentences to pass, and making other decisions in respect of persons charged with or convicted of offences, and to assist in the supervision and rehabilitation of such persons.

The discharge of policies as established by the National Probation Directorate of the Home Office, are designed to ensure:

- The protection of the public;
- The reduction of re-offending;
- The proper punishment of offenders;
- Ensuring offenders' awareness of the effects of crime on the victims of crime and the public;
- The rehabilitation of offenders.

The Chief Officer (CO) is a statutory office holder appointed by the Secretary of State. The CO is the Accountable Officer for the board and is accountable to the Director General in his position as the Principal Accountable Officer (PAO) for the National Probation Directorate. The PAO, in turn, is accountable to the Accounting Officer of the Home Office, who is directly accountable to Parliament for safeguarding public funds.

Pension Liabilities

Employees of the board are members of the Local Government Pension Scheme. Details of pension arrangements are set out in Note 3 to accounts.

Appointments

The Chair, the Chief Officer, and other members of the Board were all appointed by the Secretary of State in line with the Commissioner for Public Appointments "Guidance on appointments to Public Bodies". The emoluments of these persons are paid for through Home office funds.

The Lord Chancellor appointed Judge J Cavell to the Board from among judges of the Crown Court. The emoluments of this appointee are paid from the Lord Chancellor's Department.

The Chief Officer joined NOMS on secondment for six months from 16 April 2007 and Roger McGarva is interim Chief Officer for this period.

Remuneration

Name	Role	2006-07	2006-07	2005-06	2005-06
		Salary £'000	Benefits in Kind – To nearest £100	Salary £'000	Benefits in Kind – To nearest £100
David Chantler	Chief Officer	75-80	None	75-80	None
Tricia Bradbury	Chair	15-20	None	15-20	None
K Hockenhill	Board Member	0-5	None	0-5	None
J Hillier	Board Member	0-5	None	0-5	None
V Reynolds	Board Member	5-10	None	0-5	None
M Foley	Board Member	0-5	None	0-5	None
H Lockhat	Board Member	0-5	None	0-5	None
DD Ahir	Board Member	0-5	None	0-5	None
J Eastwood	Board Member	0-5	None	0-5	None
D Price	Board Member	0-5	None	0-5	None
M Woolley	Board Member	0-5	None	0-5	None
L Bromley	Board Member	0-5	None	0-5	None
C Flemming	Board Member	0-5	None	0-5	None
D Williams	Board Member	5-10	None	0-5	None

Pension Benefits

Name	Real increase in pension at age 65	Total accrued pension at aged 65 at 31 st March 2007	CETV at 31 st March 2007	CETV at 31 st March 2006	Real increase in CETV	Employer Contribution to partnership pension account (to nearest £100)
	£'000	£'000	£'000	£'000	£'000	
David Chantler	-5 - 0	25-30	458	430	7	13,300

The remuneration for Board Members is set by the Secretary of State for the Home department, in the case of Chief Officers who are Crown employees, remuneration is determined by the Home Office through annual pay negotiations.

All Home Office appointed Board members receive non pensionable remuneration of £15.40 per hour from 1 April 2004, with the exception of the Chief Officer. Boards at their discretion may pay a travelling allowance and any other relevant expenses incurred.

Board Members are initially appointed for a three year period, which may be extended for a further three years. The Secretary of State may give written notice of termination of service to Board members without a specified notice period. Board Members may at any time resign office, giving written notice to the Secretary of State, Chief Officers are appointed as Crown Servants on a permanent basis and are subject to three calendar months notice in writing either way.

The Pensions of Chief Officers are determined through the London Pension Fund Authority, which is part of the Local Government Pension Scheme.

Chief Officer's performance pay is determined by the Director of Probation against criteria set by the Home Office. There is no performance element for other Board Members.

Up to 4% of Chief Officer pensionable pay is determined by performance conditions.

Roger McGarva
Chief Officer and Accountable Officer for the Board
4th July 2007

Public Interest

The board operates a diversity and equal opportunities policy which actively values diversity and provides for equality of opportunities regardless of gender, race, disability, sexuality, age or any other improper criterion.

The Board observes the principles of the 'Better Payment Practice' Code and aims to pay all approved invoices within 30 days. In 2006-07, 73.12% of undisputed invoices were paid within 30 days (*comparative: 77.14%*).

Management

The operational management throughout the year was carried out by the management board, which consisted of the following members:

Mr David Chantler (Chief Officer), Mrs Patricia Bradbury MBE JP (Chair), and
Mr D D Ahir JP, Mrs Libhin Bromley JP, His Honour Judge J Cavell, Mr John Eastwood, Mrs Camella Fleming, Mr Martin Foley JP, Mr John Hillier OBE, Mr Ken Hockenull, Dr Haseena Lockhat, Mr David Price, Mrs Valerie Reynolds, Mr David Williams MBE, Mr Michael Woolley JP (as members).

The Remuneration Report contains information about the management boards' remuneration.

External Accountability

Under paragraphs 16-17 of Schedule 1 of the Criminal Justice and Court Services Act 2000, the board is required to send to the Secretary of State a report on the discharge of its functions during the year and its audited accounts. The Annual Report and Accounts will comply with the specific accounts directions issued by the Secretary of State with the consent of HM Treasury.

The Audit Commission has appointed PricewaterhouseCoopers as the external auditor for the West Mercia Probation Board. Their Certificate and Report is included on pages 22-24.

Roger McGarva
Chief Officer and Accountable Officer
for the Board
4th July 2007

Mike Weaver
Treasurer to the Board
4th July 2007

Post Balance Sheet Events

There are 4 Post Balance Sheet events to report:-

- a) On the 9th May 2007, the Probation Service moved from the Home Office to become part of the newly created Ministry of Justice.
- b) West Mercia has been selected as one of 13 areas to proceed to the next stage of the selection process to become a first wave Trust.
- c) On 1st April 2007 the following Board Member term of office expired – DD Ahir, Tricia Bradbury, Judge John Cavell, John Eastwood, Camella Flemming, John Hillier, Haseena Lockhat, David Price, David Williams and Michael Woolley. The retiring Board Members have been replaced by – Keith Austin, HH Judge Alastair McCreath, Peter Davidson, Keith Franklin, Derek Muhl, Bridget Nisbet, Elaine Hickman, James Kelly, Leon Murray and Andrew Strong.
- d) On 1st April David Chantler was seconded to the Home Office (now Ministry of Justice) for a period of 6 months during his absence Roger McGarva has been appointed as Chief Officer and Accountable Officer to West Mercia Probation Board.

Statement of Accountable Officer's Responsibilities

Under the Schedule 1, paragraph 17(1) (b) of the Criminal Justice and Court Services Act 2000, the Secretary of State (with the consent of the Secretary of State) has directed the Board to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of the Board and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Secretary of state, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain material departures in the financial statements and
- Prepare the financial statement on a going concern basis.

The Secretary of State has appointed the Chief Officer as the Accountable Officer of the board. The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Board's assets, are set out in the Accountable Officer's Memorandum issued by the Secretary of State and published in Government Accounting produced by HM Treasury.

Statement of Internal Control

Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of West Mercia Probation Board's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting .

As Accountable Officer, I report directly to the Director of Probation, who is also responsible for the other 41 probation chief officers and so brings probation service accounts together in his office. He through the Chief Executive of NOMS is, in turn, responsible to Parliament and to Ministers in consolidating the probation accounts within the ministerial accounts (for the period of this report the Home Office).

I am also responsible for the professional functioning of the service which is monitored and inspected by HMIP whose Chief Inspector reports to the Secretary of State.

Though both of these lines and in particular through performance monitoring, serious further incidence reporting and national standards monitoring, Ministers and Parliament can be aware of the management of risk within this probation area and of the efficient use of public resources.

I am assisted in this process by the Internal Audit function, both of this Area and of the NPD/NOMS which provides a capacity to review and investigate and through the respective Audits Committees a forum in which to raise issues which may emerge.

In publishing our business plan we share with NPD/NOMS our most significant business risks.

As Accountable Officer for West Mercia I am also Accountable Officer for "Connect", the regional resettlement programme for short sentence prisoners. Connect has its own Regional Project Board, consisting of representatives of the four regional probation areas and the prison service, and my position is secured by being a member of this Board as the "host chief". The Board reports regularly to the West Mercia Board, and is subject to audit from the AAU, and from the Government Office and European Auditors. I am delighted to record that Connect was found to be "Well Controlled"

by AUU and to have received a very positive Article 4 report from Government Office – that Audit was selected for a spot audit of the G.O. Auditors and was repeated by the European Auditors and again was found to be entirely satisfactory.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Mercia Probation Area for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

Leadership in the risk management process is embodied in the Chief Officer taking personal responsibility for the maintenance of the Risk Log. This is presented to the Board at each of its meetings, together with a review of movements during the preceding period (usually a month). The same reports are taken to the Audit Committee for study and consideration in greater depth and this is also reported to the main board in the minutes of the Audit Committee.

During the course of the year under review we have begun to separate out subsidiary logs for Offender Management and Interventions to reflect the split in the organisation consequent upon adopting the Offender Management Model.

Because of the high level of exposure to risk from our singular information system (IOSS) we also maintain a subsidiary log for IT issues.

Because of the regional significance of the Connect Project and the complexities of European matched funding we also have a subsidiary log for Connect. Connect, whilst a regional collaboration is hosted within West Mercia and conforms to probation standards as well as to those of the ESF funding authorities.

These subsidiary logs require the leadership of the appropriate Assistant Chief Officer (Offender Management/Interventions/Connect, and in the case of the IT log of the Head of ICT). All are brought together and reviewed by the Chief Officer on a monthly basis and decisions made and reported through the risk and control framework. It is worth noting that an Internal Audit review of the Risk management processes of West Mercia Probation Area was carried out in March 2007 and the finding was that they were adequately controlled, with two recommendations that were readily accepted.

Staff are equipped to manage risk primarily through the introduction of the separate registers for interventions and Offender Management to ensure that the processes are embedded in the day-to-day practice of the two operating arms of the service.

However, most of our learning and development in the current year has come about as a result of audit activity in the previous year and the extra work undertaken this year, referred to earlier in relation to exposure to threats perceived from individuals in key positions. This has led to a clearer and more explicit statement of responsibilities undertaken by individuals when they accept their budgets at the start of the year and provision of support and explanation as they take those responsibilities on. This will be further tightened with the appointment of the Head of Finance and Business Development, who will review these processes as an early priority.

During the year the Audit Committee was closely involved in managing the risk created by the loss of payroll information by a contractor to our payroll provider, Worcestershire County Council. "Risk Management" in this context was greatly

assisted by the co-operation of the County Council and their commitment to ensuring that there was no detriment to the Board or to its employees.

The risk and control framework

Any member of the service, including members of the Board may identify a business risk. However as the initial consideration of the potential risk would take place within normal operational arrangements in the first place, those that cannot be resolved in "normal processes" are most likely to be proposed for inclusion by senior managers or by the Board.

We actively work to keep the identified risks to those crucial few that would endanger the operational or financial performance of the Area or significantly affect its reputation.

Once the Chief Officer as chief risk manager has accepted a risk, likelihood and impact scores are assigned and a risk manager designated. Increasing with organisational split this is likely, if not the Chief Officer to be the respective Assistant Chief Officer or Head of ICT.

The progress of the risk is reviewed regularly by the C.O., both at the review dates set in the log, and, in practice more frequently on a monthly basis as such a review is necessary for preparing for a Board meeting, and many risks are inter-related and cannot be considered in isolation anyway.

By aligning risk management processes with the organisational structure, allowing the Chief Officer and Board to have the oversight, risk management is embedded in the activity of the organisation.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Area service who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

I have received a number of reports from Internal Audit as agreed in the Audit Plan agreed at the end of the previous year. I am particularly pleased to have received "well controlled" findings in relation to:-

- Finance Systems
- Connect 2 (ESF Claim)
- Sickness Absence

And in relation to Business Risk Management itself "adequately controlled".

Work has also taken place on Devolved Budgets and we had planned to reflect this in an Audit of Contract Management in the Audit Plan for 2006-07, but by agreement the Audit was moved into the year 2007-08 and as such does not form part of the current SIC. However the review presented to the Contracts and Business Development Committee and the appointment of a Head of Finance and Business Development represent significant improvements in internal control and preparation for the move to Trust status.

Clearly “well controlled” in relation to the Finance Systems is a good underpinning for everything else, and a similar outcome for sickness absence is also significant given the impact on available resources and the importance attached to this issue by NPD/NOMS. However the operation of the arrangements audited has been hindered by the inter-relationship with NOMS national IT contract and the failure to provide interconnectivity to our preferred outsourced occupational health provider.

In relation to Connect it is worth noting that the project received an extremely positive Article 4 review from the ESF authorities, (previously referred to) which carried with it a statement that as the affairs of the project were managed so well there would be no need for an end of project audit.

In addition to these scheduled audits we have also deployed Internal Audit to investigate the finances of the Area following the sudden and untimely death of the former Assistant Chief Officer Finance whilst that officer was on secondment to NPD. The result of this exercise was to confirm the soundness of our systems.

This work was reviewed by external audit who confirmed to the Audit Committee that any loss was not material.

The Board receives the Risk Log at each meeting, together with a synopsis of movements in risk assessment and agrees any deregistration of risk.

The Board having considered the Risk Log at a high level it is also considered by the Audit Committee following, so that more detailed consideration can be made.

In a reverse process reports from Internal Audit are considered first by the Audit Committee and then reported to the Board, with comments, suggestions from Audit.

In most years the Area would feature in a report from HMIP, but this has not been the case this year. As it is the Board receives a synopsis of each HMIP report prepared by the relevant Assistant Chief Officer, and members can access a full copy through the secretariat.

In addition to these audit reports there have also been reviews of practice undertaken on a regional basis, overseen by the Regional Manager. These have included the quality of Parole Assessment Reports and of Oasys completions. Whilst such reviews always identify improvements, the quality of our work stood up well in comparison to our regional partners. Similarly I have had the opportunity to assess the quality of our work on public protection with the inclusion of National Standards achievement in the Performance Report prepared on a quarterly basis for the Director of Probation. West Mercia has consistently been in the highest band of achievement, i.e. the second band, as no Area has yet achieved the top band.

Towards the end of the financial year under consideration, it was determined that the Chief Officer would undertake a secondment to the NOMS to work on short sentence prisoner resettlement. An interim Chief Officer was appointed for the period, mid-April to mid-October 2007. Whilst work was required to prepare for the transfer, it did not actually apply during 2006-07.

David Chantler

Chief Officer as at 31 March 2007

July 2007

Independent auditor's report to the members of West Mercia Probation Board

Opinion on the financial statements

We have audited the financial statements of West Mercia Probation Board for the year ended 31 March 2007 under the Audit Commission Act 1998. These comprise the Operating Cost Statement, the Balance Sheet, the Cash flow Statement, the Statement of Total Recognised Gains and Losses 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 West Mercia Probation Board in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Respective Responsibilities of Accountable Officer and Auditor

The Accountable Officer's responsibilities for preparing the financial statements in accordance with the Criminal Justice and Court Services Act 2000 and directions made there under by the Secretary of State and for ensuring the regularity of financial transactions are set out in the Statement of Accountable Officer's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the part of the Remuneration Report to be audited has been properly prepared in accordance with the Criminal Justice and Court Services Act 2000 and directions made there under by the Secretary of State. We also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

We review whether the Accountable Officer's statement on internal control reflects the Probation Board's compliance with HM Treasury's guidance on the Statement on Internal Control. We report if it does not meet the requirements specified by HM Treasury or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the Accountable Officer's Board's statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Probation Board's corporate governance procedures or its risk and control procedures. Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Remuneration Report and the Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Probation Board's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the Criminal Justice and Court Services Act 2000 and directions made there under by the Secretary of State, of the state of the Probation Board's affairs as at 31 March 2007 and of its net operating costs, recognised gains and losses and cash flows for the year then ended;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Criminal Justice and Court Services Act 2000 and directions made there under by the Secretary of State; and
- In all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Date

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Accountable Officer's Responsibilities

The Accountable Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the probation board's use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the probation board for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to the criteria for probation boards specified by the Audit Commission. We report if significant matters have come to our attention which prevent us from concluding that the probation board has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the probation board's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for probation boards specified by the Audit Commission and published in December 2006, we are satisfied that, in all significant respects, West Mercia Probation Board made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Date

ACCOUNTS OF LOCAL PROBATION BOARDS IN ENGLAND AND WALES

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE IN ACCORDANCE WITH PARAGRAPHS 16(2) AND 17(1) OF SCHEDULE 1 TO THE CRIMINAL JUSTICE AND COURT SERVICES ACT 2000

1. This direction applies to the local Probation Boards listed in the attached Appendix 1.
2. The accounts shall be prepared so as:
 - To give a true and fair view of the state of affairs of the board as at the financial year-end and of the net resource outturn, recognised gains and losses and cash flows for the financial year and have been properly prepared in accordance with the Criminal Justice and Court Services Act 2000;
 - To provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
3. Each board shall prepare a statement of accounts for the financial year ended 31 March 2007 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial reporting Manual ("the FReM") issued by HM Treasury and which is in force for the relevant financial year. In addition boards are required to comply with the National Probation Service Finance Manual which is in force for the relevant financial year. The statement of accounts shall be published within the report, which the board is required to make to the Secretary of State on the performance of its functions for the relevant financial year.
4. Compliance with the requirements of the FReM will in all but exceptional circumstances be necessary for the accounts to give a true and fair view. Any material departure from either the FReM or the NPS Finance manual should be discussed in the first instance with NOMS Finance.
5. A note setting out the relationship between the National Probation Service Finance Manual and the FReM is attached at Appendix 2.

Peter Brook



Annex G - Appendix 1

42 Probation Boards:

Avon & Somerset
Bedfordshire
Cambridgeshire
Cheshire
Cumbria
Derbyshire
Devon & Cornwall
Dorset
Durham
Dyfed-Powys
Essex
Gloucestershire
Greater Manchester
Gwent
Hampshire
Hertfordshire
Humberside
Kent
Lancashire
Leicestershire & Rutland
Lincolnshire
London
Merseyside
Norfolk
Northamptonshire
Northumbria
North Wales
North Yorkshire
Nottinghamshire
South Wales
South Yorkshire
Staffordshire
Suffolk
Surrey
Sussex
Teesside
Thames Valley
Warwickshire
West Mercia
West Midlands
West Yorkshire
Wiltshire

APPLICATION OF THE GOVERNMENT FINANCIAL REPORTING MANUAL (FReM) ISSUED BY HM TREASURY TO THE ACCOUNTS OF LOCAL PROBATION BOARDS

The Home Office has issued advice on the preparation of local probation board accounts in a National Probation Service Finance Manual. This provides specific guidance on the application of the principles and disclosure requirements of the FReM to the circumstances of local Probation boards, including the following agreed interpretations:

1. There is no requirement to prepare Schedule 1.
(Schedule 1 is a requirement specific to government departments and certain other public bodies funded by directly voted parliamentary grant).
2. Monies received as grant in aid should be treated as financing and not as income.
(Most bodies covered by FReM do not receive grant in aid, and are financed by voted parliamentary grant. This clarifies the correct treatment for the Probation boards. Some public bodies account for grant in aid as income).

3. There is no requirement to prepare Schedule 5.
(This expenditure will however be attributed to Departmental Aims and Objectives in the Home Office resource accounts).
4. The salary and pension entitlements of key managers should be appropriately disclosed.
(Department Yellow reflects Cabinet Office guidance on the application of the Greenbury code to departmental resource accounts. The example disclosure for departments is not directly applicable to local probation boards. Nevertheless, boards should make disclosures, which meet the spirit of the Greenbury code.)
5. Items will be added to or deleted from the above list only with the agreement of HM Treasury.
