

Northumbria Police Joint Independent Audit Committee

Audit Progress report

24 February 2014 meeting

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1. Introduction

The purpose of this paper is to update the Joint Independent Audit Committee on our progress in meeting our responsibilities as the external auditor for both the Police and Crime Commissioner and the Chief Constable for Northumbria. We also include in this paper key emerging national issues and developments which may be of interest to the Committee.

If you need any additional information please contact Gareth Davies or Caroline Tyrrell using the contact details at the end of this update.

2. Summary of audit progress

We have completed our initial planning for the 2013/14 audit, and have issued our Audit Strategy Memoranda. These are included as a separate item on the agenda.

We have met with the Assistant Chief Officer and Director of Finance/Treasurer to discuss the position on support service arrangements after 31 March 2014. A number of issues remain unclear at this stage, including:

- the arrangements for preparing the financial statements;
- logistical arrangements for audit access to working papers;
- the identity of the valuer appointed to value fixed assets;
- who will provide estimated fair values to support financial disclosures.

We will therefore continue to discuss our approach with the Director of Finance/Treasurer.

We have agreed a protocol with Internal Audit to ensure we work together to avoid duplication and maximise the benefit of audit.

In our November 2013 update, we referred to an internal quality review of the Police and Crime Commissioner 2012/13 audit. The results of that review have now been finalised, and I am pleased to report that it concluded that all key considerations were met with the exception of a few minor points (e.g. minor documentation issues).

We have agreed our contribution to training for Committee members, and look forward to delivering this when arrangements are finalised.

3. National publications, events and other updates

HMIC profiles

In November HMIC published the 2013 Value for Money Profile (updated information published in December to reflect changes by some forces), comparing Northumbria to forces in the most similar group. This provides comparative data on a wide range of policing activity, showing how Northumbria differs in cost, demand and crime rate. This is a powerful tool to aid the Chief Constable and Police and Crime Commissioner in understanding and reviewing current cost and performance. We will consider how the Profile is used as part of our value for money conclusion work.

<http://www.hmic.gov.uk/publication/northumbria-value-for-money-profile-2013/>

Police accountability: Landscape review

The National Audit Office has published the results of its review of the new policing structures after the first year. The main conclusions were:

- Commissioners are potentially better able than police authorities to hold forces to account and drive value for money;
- Commissioners have increased engagement with the public;
- There are potential tensions (particular over scrutiny, between Commissioners and police and crime panels);
- Whilst there is greater flexibility, this may make benchmarking more difficult;
- There is a potential gap in the assurance framework, as HMIC does not have statutory authority to routinely inspect Commissioners;

- Sharing a chief financial officer creates potential for conflict of interest; and
- Commissioners are not publishing all of the data required by the 2011 Act.

<http://www.nao.org.uk/report/police-accountability-landscape-review/>

Auditing the Accounts 2012/13

This Audit Commission report covers the timeliness and quality of financial reporting:

- auditors were able to issue the audit opinion by 30 September 2012 at 99 per cent of councils, all fire and rescue authorities, 97 per cent of police bodies, 98 per cent of other local government bodies and 98 per cent of both parish councils and internal drainage boards. This is consistent with last year for most groups, but an improvement for councils and small bodies compared to 2011/12;
- thirteen principal local government bodies received an unqualified audit opinion by 31 July 2012 and published their audited accounts promptly;
- one principal local government body received a qualified audit opinion on the 2012/13 accounts and 12 councils, two police bodies and two other local government bodies had a qualified VFM conclusion.

Open Book Accounting: How to deliver and demonstrate value for money in the public sector

This CIPFA guide explores how open book accounting tools and techniques can provide a platform for successful outsourcing by creating successful business relationships. This could be useful to the Police and Crime Commissioner in her review of support services.

Audit Committees: Practical guidance for local authorities and police

This is a fully updated CIPFA guide, taking account of developments in audit committees and legislation since the previous edition. It will be of particular interest to the Committee in developing its role.

Service reporting code of practice (SeRCOP) 2014/15

SeRCOP is prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom. It applies to all local authority (including police) services throughout the United Kingdom from 1 April 2014 for the preparation of 2014/15 statement of accounts.

Financial statements: A good practice guide for local authorities

Local authority financial statements are complex and readers can have difficulty identifying information they need. This CIPFA guide helps to identify issues and identify improvements in the production of accounts. We will discuss this with officers responsible for preparing the statements.

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