

Northumbria Police Joint Independent Audit Committee

Audit Progress report

16 June 2014 meeting

Contents

1.	Introduction	3
2.	Summary of audit progress	3
3.	National publications, events and other updates	5

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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

As outlined in our last update, we have continued to discuss our approach with the Director of Finance/Treasurer. Arrangements have now been clarified on matters previously highlighted:

- a team of accountants at Force will be responsible for preparing the financial statements for both the PCC and the Chief Constable;
- we will have access to working papers on site at Force and we will agree dates for our site visit;
- a valuer has been appointed to value assets. We already have a copy of the valuation report;
- estimated fair values will be available to support financial disclosures.

We have agreed 4 August 2014 as the date for the public to exercise their rights to raise questions on the financial statements.

As in previous years, we are required by auditing standards to make enquiries of management and those charged with governance. This is to formally update our understanding of how the assurance is gained over management processes and arrangements, including compliance with laws and regulations and any fraud.

The PCC and CC fulfil the role of those charged with governance for their respective organisations. Our letters of enquiry were issued on 29 April 2014, for response by the end of August.

3. National publications, events and other updates

LAAP Bulletin 98A, Closure of the 2013/14 Accounts in the Single Entity Financial Statements of the Police and Crime Commissioner and Chief Constable

CIPFA published its guidance to the preparers of police accounts in March 2014. Since the previous guidance was issued, the status of chief constables changed under the Police Reform and Social Responsibility Act 2011 (Transitional Provision) Order 2013. This permits them to apply Sections 21 and 22 of the Local Government Act 2003 (accounts) to their transactions as they would apply in relation to a local authority. This will allow chief constables to adjust for pension and asset costs through their Movement in Reserves Statement, so that large negative balances are not created. We have discussed the Bulletin with finance staff and agreed the approach to the 2013/14 financial statements.

Managing council property assets

In early June the Audit Commission published a briefing on data from its VFM profiles, focusing on asset management in local authorities. Whilst the report is based on council and fire authority data, there are messages which are relevant to police bodies, and may be useful for the PCC and CC to consider as they are actively reviewing the police estate.

The Commission reported that:

- councils need to manage their property actively to extract maximum value without having an adverse effect on services or their statutory objectives;
- they need good data to answer strategic and operational questions about how many properties they own or lease, whether they are in the right places, whether they should keep, sell, or transfer them, and how much they should invest in them.

<http://www.audit-commission.gov.uk/2014/06/can-local-governments-2-5-billion-surplus-assets-be-put-to-better-use-2/>

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