

Northumbria Police Joint Independent Audit Committee Audit Progress Report

September 2014

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01 Introduction

The purpose of this report is to update the Joint Independent Audit Committee on progress in delivering our responsibilities as the external auditor for both the Police and Crime Commissioner and the Chief Constable for Northumbria.

We have also highlighted key emerging national issues and developments which may be of interest to the Committee.

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

Finally, please note our website address (www.mazars.co.uk) which sets out the range of work Mazars carries out, both within the UK and abroad. It also details the existing work Mazars does in the public sector.

02 2013/14 audit progress

Since our last Audit Progress Report we have:

- Largely completed our work on our Value for Money (VFM) conclusion, based on self assessments; and
- carried out the majority of our audit of the financial statements.

We will report the findings of our work to the Police and Crime Commissioner and the Chief Constable at our meeting on the 18 September.

Next steps

Our work in the next period includes the following:

- completing work to support our VfM conclusion;
- completing our audit of the financial statements;
- completing our work on the 'Whole of Government Accounts' return;
- issuing our Annual Audit Letters; and
- begin to plan our 2014/15 audit.

03 National publications and other updates

This section contains updates covering the following:

- **National Fraud Initiative national report, Audit Commission;**
- **Role of the National Audit Office (NAO) in local audit, NAO;**
- **Proposed closure of the Audit Commission and transfer of its functions – summary;**
- **Introductory guide to Local Government Finance, CIPFA; and**
- **Oversight of audit quality, Audit Commission.**

National Fraud Initiative national report, Audit Commission, June 2014

The Audit Commission has published its National Fraud Initiative (NFI) annual report recently.

The NFI is a data matching exercise which compares information held by and between around 1,300 organisations including councils, the police, hospitals and almost 100 private companies. This helps to identify potentially fraudulent claims, errors and overpayments, all hosted on a secure website. When there is a match, there may be something that warrants investigation. For example, when data matching shows a person listed as deceased and also in receipt of a pension, the relevant body will investigate and if appropriate, stop pension payments.

The report is supported by case studies of successful outcomes both in the private sector and public sector.

<http://www.audit-commission.gov.uk/national-fraud-initiative/nfi-reports/>

The National Audit Office's role in local audit, NAO, May 2014

The National Audit Office (NAO) has published a paper outlining its new role in local audit under the Local Audit and Accountability Act 2014. This includes:

- preparing the Code of Audit Practice; and
- Value for Money studies.

<http://www.nao.org.uk/report/the-naos-role-in-local-audit/>

Proposed closure of the Audit Commission and the transfer of its functions, 2014

We have included a summary below of the latest information in respect of the closure of the Audit Commission (expected at the end of March 2015) and the bodies to which its functions will be transferred.

Audit contracts – LGA body to be set-up

Transitional arrangements are needed to oversee the remaining life of audit contracts that have been let by the Commission. These contracts run to the end of the 2016/17 audit year, but there is an option to extend them by up to 3 years to the 2019/20 audit year. These functions are to transfer to an independent, private company established by the Local Government Association (LGA). The functions will include appointing auditors, regulating the work auditors do, setting the annual scale of audit fees and ensuring

the quality of auditors work. **It is envisaged that at the end of these contracts, authorities will be free to appoint their own auditors and other regulatory arrangements will be put in place.**

<http://www.audit-commission.gov.uk/2014/03/dclg-opts-for-the-local-government-association-to-manage-the-audit-commissions-85-million-audit-contracts-when-it-closes/>

Counter fraud functions - CIPFA

The Commission's counter fraud functions, including its annual survey on fraud, fraud briefings and annual report on detected fraud, are to be transferred to the Chartered Institute of Public Finance and Accountancy (CIPFA), who are to establish a new public sector counter fraud centre.

<http://www.audit-commission.gov.uk/2014/03/commissions-national-counter-fraud-function-will-go-to-safe-hands/>

National fraud initiative (NFI) – Cabinet Office

The NFI data-matching services are due to transfer to the Cabinet Office when the Commission closes.

An introductory guidance to Local Government Finance, CIPFA, May 2014

The public sector accountancy body, CIPFA, has recently released its latest update of its easy-to-read guide to local government finance. The guide covers revenue and capital financing, accounting, governance and auditing as well as giving an overview of some of the key services provided by local councils. The link below includes a sample which can be downloaded.

<http://www.cipfa.org/policy-and-guidance/publications/a/an-introductory-guide-to-local-government-finance-2014-edition-online>

Oversight of audit quality, Audit Commission

Our regulator, the Audit Commission, publishes quarterly and annual reports on the quality of the work it has outsourced to firms. The annual report for Mazars demonstrates our overall good performance in respect of quality and other standards with the Audit Commission concluding that the firm has performed well in its first year in the regime.

<http://www.audit-commission.gov.uk/wp-content/uploads/2012/11/Mazars-2013-14-Annual-Regulatory-Compliance-and-Quality-Report.pdf>

04 Contact details

Please let us know if you would like further information on any items in this report.

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