

Annual Audit Letter 2013/14

Chief Constable for Northumbria



October 2014

Mazars LLP
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Aykley Heads
Durham
DH1 5TS

Mrs S Sim
Northumbria Police
North Road
Ponteland
Newcastle upon Tyne
NE20 0BL

16 October 2014

Dear Mrs Sim

Annual Audit Letter 2014

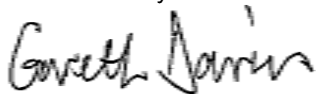
We are pleased to present to you the Annual Audit Letter setting out the results of our 2013/14 audit.

We carried out the audit in accordance with the Code of Audit Practice for Local Government bodies as issued by the Audit Commission and delivered all expected outputs in line with the timetable established by the Accounts and Audit Regulations 2011 and the National Audit Office.

I would like to express my thanks for the assistance of your finance team, senior officers and the Audit Committee during the audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me at gareth.davies@mazars.co.uk on 07979 164467.

Yours sincerely



Gareth Davies
Partner
Mazars LLP

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01 Overall messages

Purpose of this letter

Our Annual Audit Letter provides a summary of our work and findings for the 2013/14 audit for you, the Audit Committee and other interested parties.

In addition to this letter, we presented our Audit Completion Report to you on 18 September which provides more detail of the work we have undertaken as your external auditor in 2013/14.

Our audit of the statement of accounts

We issued an audit report including an unqualified opinion on your statement of accounts on 18 September 2014.

Your statements were available for audit by the deadline and were of a good quality, as were the supporting working papers. This was a considerable achievement, as 2013/14 was the first year the accounts were prepared directly by your finance team.

Several amendments were made to the draft statements, mainly correcting how staff costs were treated in your statements and those of the Police and Crime Commissioner.

We did not encounter any significant difficulties during our audit, and received the full support and cooperation of the finance team in meeting the statutory deadline.

Our Value for Money conclusion

We performed our work in line with the Audit Commission's Code of Audit Practice for Local Government bodies and the Commission's guidance on the Value for Money conclusion for 2013/14. Our audit report included a conclusion that you had proper arrangements in place to secure economy, efficiency and effectiveness in your use of resources.

Our work in this area focussed on the two criteria specified by the Audit Commission and included local risk based work on:

- progress in addressing issues included in your Annual Governance Statement 2012/13. You have addressed most of the issues raised in the previous year. Review of regulations continues, to ensure they reflect revised operational arrangements, and a Code of Governance has recently been approved;
- 'stage 2' transfers from the Police and Crime Commissioner. Except for a small core team, all staff were transferred on 1 April 2014;
- financial management, systems and other governance arrangements including changes made as a result of reviewing existing service agreements. Your staff have taken responsibility for most financial services, including the preparation of the financial statements. These services are also being provided to the Police and Crime Commissioner, with plans to review how this is reflected in the financial statements; and
- robustness of budget setting and monitoring, including major capital schemes. Your net revenue expenditure in 2013/14 was within the agreed budget and major schemes (in particular the new police building at Forth Banks in Newcastle) were delivered on time and within budget.

Our other responsibilities

As your appointed external auditor, we have other powers and responsibilities as set out in the Audit Commission Act 1998. These include responding to questions on the accounts raised by local electors as well as a number of reporting powers such as reporting in the public interest. We did not receive any questions or objections in relation to your 2013/14 accounts from local electors, nor did we exercise our wider reporting powers.

02 Fees

As outlined in our Audit Strategy Memorandum issued to you on 6 February 2014 and presented to the Audit Committee on 24 February, the Audit Commission sets a scale fee for our audit and certification work. The fees applicable to our work in 2013/14 are summarised below.

| Element of work | 2012/13 Final Fee | 2013/14 As previously reported | 2013/14 Final Fee |
|------------------|----------------------|--------------------------------------|----------------------|
| Code audit work | £25,000 | £25,000 | £25,000 |
| Total fee | £25,000 | £25,000 | £25,000 |

We confirm that we did not undertake any non-audit work during the year.

03 Future challenges

In common with other Chief Constables, you continue to face a significant financial challenge as central government funding reduces. Northumbria is particularly affected, as the area relies more on central funding than most other policing areas. Working closely with the Police and Crime Commissioner, significant budget reductions have already been made and services reviewed to improve efficiency. In 2014/15 this has involved fundamental changes in the way policing is delivered in Northumbria, including reorganising area command structures.

You recognise the need for further transformation, with a potential funding gap of some £25m in the two years from 2015/16. There is a strategy to make these savings, including further estates rationalisation, increased use of technology to improve efficiency and reducing staffing. The priority is to maintain front line policing, so your plans allow for recruitment.

Our planning for the 2014/15 audit will take account of the risks you face in meeting this challenge.

Should you require any further information on this letter or on any other aspects of our work, please contact:

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