

The Office of the Chief Constable for Cambridgeshire

Audit Committee Summary

For the year ended 31 March 2013

Audit results report – ISA 260

18 September 2013



Building a better
working world

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Executive Summary

Key findings

Audit results and other key matters

The Audit Commission's Code of Audit Practice (the Code) requires us to report to 'those charged with governance' on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified.

This report summarises the findings from the 2012/13 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial Statements

- ▶ As of 18 September 2013, we expect to issue an unqualified opinion. Our audit demonstrates that the Office of the Chief Constable (CC) for Cambridgeshire has prepared its financial statements well and this is reflected in the low number of issues to bring to your attention.

Value for Money

- ▶ We expect to conclude that you have made appropriate arrangements to secure economy, efficiency and effectiveness in your use of resources .

Whole of Government Accounts

- ▶ We expect to issue an unqualified confirmation to the National Audit Office (NAO) regarding the Whole of Government Accounts submission.

Audit Certificate

- ▶ The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the Audit Opinion.

Extent and purpose of our work

The Office of the CC for Cambridgeshire's responsibilities

The Office of the CC is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Office of the CC report publicly on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.

The Office of the CC is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Purpose of our work

Our audit was designed to:

- ▶ Express an opinion on the 2012/13 financial statements
- ▶ Report on any exception on the governance statement or other information included in the foreword
- ▶ As a component auditor, follow the group instructions and send to the National Audit Office our group assurance certificate, audit results report and auditor's report on the consolidation schedule
- ▶ Consider and report any matters that prevent us being satisfied that the Office of the CC had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the Value for Money conclusion)
- ▶ This report contains our findings related to the areas of audit emphasis, our views on the Office of the CC's accounting policies and judgments and material internal control findings.
- ▶ This report is intended solely for the information and use of the Office of the CC. It is not intended to be and should not be used by anyone other than this specified parties.

Addressing audit risks

Significant Audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

Audit Risk identified within our Audit Plan	Audit Procedures performed	Assurance gained and issues arising
Significant audit risks		
1. Preparation of the financial statements for the PCC and for the CC, including group accounting	Our approach has focussed on whether: <ul style="list-style-type: none"> •The statements comply with the proper practices contained in the IFRS-based CIPFA Code of Practice on Local Authority Accounting. •Assets, liabilities, income and expenditure are correctly recognised in either the PCC or CC financial statements. •'Merger accounting' has been accurately applied; •The approach to the allocation of indirect costs between the PCC and CC is reasonable. 	<ul style="list-style-type: none"> •Procedures have been undertaken and no issues identified.
2. Estimates – Valuation of Property, Plant and Equipment	Our approach has focussed on: <ul style="list-style-type: none"> • Reliance on management experts • Reliance on auditor experts 	<ul style="list-style-type: none"> • Procedures have been undertaken and no issues identified.
Other audit risks		
1. National Police Air Service (NPAS)	Our approach has focussed on: <ul style="list-style-type: none"> • Review of the accounting treatment 	<ul style="list-style-type: none"> • Procedures have been undertaken and no issues identified.
2. Risk of misstatement due to fraud and error	<ul style="list-style-type: none"> • We identified this risk during the planning stages. • We inquired of management about risks of fraud and the controls put in place to address those risks. • We obtained an understanding of the oversight given by those charged with governance of management's processes over fraud. • We considered the effectiveness of management's controls designed to address the risk of fraud. • We determined an appropriate strategy to address those identified risks of fraud. • We performed mandatory procedures regardless of specifically identified fraud risks. • We considered the results of the National Fraud Initiative and may make reference to it in our reporting to you. 	<ul style="list-style-type: none"> • All our planned procedures are complete. There are no findings that indicate a risk of misstatement due to fraud or error.

Note 1 – We issued a joint audit plan for the Office of the Police & Crime Commissioner for Cambridgeshire and the Office of the Chief Constable for Cambridgeshire. The assurances set out in the table above reflect the audit procedures in respect of the Office of the CC only.

Financial Statements audit

Issues and errors arising from the audit

Progress of our audit

- ▶ The following areas of our work programme remain to be completed. We will provide an update of progress at the Audit Committee meeting:
 - ▶ Receipt of a Letter of Representation
 - ▶ Whole of Government Accounts
- ▶ Subject to the satisfactory resolution of the above items, we propose to issue an unqualified audit report on the financial statements.

Corrected Errors

With the exception of a few minor disclosure and narrative amendments, there were no corrected errors.

Uncorrected Errors

There remain no unadjusted errors for your consideration.

Other Matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Office of the CC's financial reporting process including the following:

- ▶ Qualitative aspects of your accounting practices;
- ▶ Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions.
- ▶ Other audit matters of governance interest

We have no matters we wish to report.

Findings and issues

Internal Control, Written Representations & Whole of Government Accounts

Internal Control

It is the responsibility of the Office of the CC to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. My responsibility as your auditor is to consider whether the Office of the CC has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have tested the controls of the Office of the CC only to the extent necessary for us to complete our audit. We are not expressing an opinion on the overall effectiveness of internal control.

We have reviewed the Annual Governance Statement and can confirm that:

- ▶ it complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- ▶ it is consistent with other information that we are aware of from our audit of the financial statements.

We have not identified any significant weakness in the design or operation of an internal control that might result in a material error in your financial statements of which you are not aware.

Request for written representations

We have requested a management representation letter to gain management's confirmation in relation to a number of matters, for which we do not currently have sufficient audit evidence. Only the standard representations have been required.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of my report are specified by the National Audit Office.

We are currently concluding our work in this area and will report any matters that arise to the Audit Committee.

Arrangements to secure economy, efficiency and effectiveness

The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that the Office of the CC has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Office of the CC's corporate performance management and financial management arrangements, we have regard to the following criteria and focus specified by the Audit Commission.

Key criteria

- ▶ Review of the Annual Governance Statement
- ▶ Review of the results of the work of other regulatory bodies or inspectorates, to consider whether there is any impact on my responsibilities
- ▶ if necessary, undertake risk-based work considering guidance from the Audit Commission, including transitional arrangements from the former Police Authority to two separate legal entities, the Office of the Police & Crime Commissioner (PCC) and the Office of the CC for Cambridgeshire and financial resilience in the face of Government spending cuts.

We identified two significant risks in relation to these criteria:

- ▶ The transition from the Police Authority to the two separate legal entities of the Office of the PCC and the Office of the CC
- ▶ The respective governance arrangements of the Office of the CC.

Key findings

- ▶ We have concluded that the Office of the CC has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources
- ▶ We found that the Office of the CC's governance arrangements to be adequate and in compliance with the requirements of the Home Office's Code of Financial Management
- ▶ The Office of the CC had established a Joint Audit Committee and had appointed Members to that Committee
- ▶ That the Office of the CC is working with the Office of the Police & Crime Commissioner and is planning to submit the Stage 2 transition plan in line with the Home Office timetable.
- ▶ Her Majesty's Inspectorate of Constabulary in their 'Valuing the Police' inspection was satisfied with the Office of the CC's medium term financial plan and ability to deliver the associated saving requirement.

We have no other issues to report.

Independence & Audit Fees

Independence

- ▶ We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 19 March 2013.
- ▶ We complied with the Ethical Standards for Auditors and the requirements of the Audit Commission's Code and Standing Guidance and in our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.
- ▶ We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.
- ▶ We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit Committee on 18 September 2013.

- ▶ We confirm that we have met the reporting requirements to the Audit Committee, as 'those charged with governance' under International Standards on Auditing (ISA) 260. Our communication plan to meet these requirements were set out in our Audit Plan of 19 March 2013.

Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Proposed final fee 2012/13	Scale fee 2012/13	Variation comments
	£s	£s	
Total Audit Fee - Code work	20,000	20,000	Nil
Non-Audit work	0	0	

- ▶ Our actual fee is in line with the agreed fee at this point in time, subject to the satisfactory clearance of the outstanding audit work.
- ▶ We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

