

Chief Constable Cambridgeshire

Year ending 31 March 2013

Annual Audit Letter

15 October 2013



Building a better
working world

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Mr Simon Parr
Chief Constable - Cambridgeshire
Cambridgeshire Constabulary Headquarters
Hinchingsbrooke Park
Huntingdon
Cambridgeshire
PE29 6NP

15 October 2013

Dear Simon,

Annual Audit Letter

The purpose of this Annual Audit Letter is to communicate to you and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to you, as those charged with governance, in the following report:

2012/13 Audit results report for The Chief
Constable

Issued 11 September 2013

The matters reported here are the most significant for the Chief Constable (CC).

I would like to take this opportunity to thank the officers of CC for their assistance during the course of our work.

Yours faithfully



Mark Hodgson
Director
For and behalf of Ernst & Young LLP
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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.

1. Executive summary

Our 2012/13 audit work has been undertaken in accordance with the Audit Plan we issued on 19 March 2013 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The CC is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Body reports publicly on an annual basis 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 CC is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ reviewing the Annual Governance Statement;
- ▶ forming a conclusion on the arrangements that the Body has in place to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of the Office of the Police and Crime Commissioner for Cambridgeshire for the financial year ended 31 March 2013 in accordance with International Standards on Auditing (UK & Ireland)	On 18 September 2013 we issued an unqualified audit opinion in respect of the Body.
Form a conclusion on the arrangements the Body has made for securing economy, efficiency and effectiveness in its use of resources.	On 18 September 2013 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Body (the Police and Crime Commissioner) communicating significant findings resulting from our audit.	On 11 September 2013 we issued our report in respect of the Body.
Report to the National Audit Office on the accuracy of the consolidation pack the Body is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 18 September 2013.
Consider the completeness of disclosures in the Body's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.	No issues to report.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	We did not issue such a report.
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	We did not take such action.
Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.	On 18 September 2013 we issued our audit completion certificate.

1.1 Audit fees

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

	Planned fee	Scale fee	Final
Code audit work	£20,000	£20,000	£20,000
Non-Code work	Nil	N/A	Nil

Our actual fee is in line with the agreed fee for the Code audit work.

We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

2. Key findings

2.1 Financial statement audit

We audited the CC's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on 18 September 2013.

In our view, the quality of the process for producing the accounts, including the supporting working papers was good.

The main issues identified as part of our audit were:

Significant risk 1: Preparation of the financial statements for the PCC and for the Chief Constable (for Cambridgeshire), including group accounting

Our approach has focussed on whether:

- ▶ 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.

Procedures have been undertaken and no issues identified.

Significant risk 2: Estimates – Valuation of Property, Plant and Equipment

Our approach has focussed on:

- ▶ Reliance on management experts
- ▶ Reliance on auditor experts

Procedures have been undertaken and no issues identified.

Other key findings:

We did not identify any material misstatements during our audit.

Management have corrected all misstatements we identified.

2.2 Value for money conclusion

We are required to carry out sufficient work to conclude on whether the CC has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2012/13 our conclusion was based on the following 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 PCC and the Office of the Chief Constable 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 CC.

We issued an unqualified value for money conclusion on 18 September 2013. Our audit did not identify any significant matters.

Key finding 1: 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.
 - ▶ The Police & Crime Panel for Cambridgeshire is monitoring the Office of the CC's progress on the Police & Crime Plan.
 - ▶ That the Office of the CC 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.
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2.3 Whole of government accounts

We reported to the National Audit office on 18 September 2013 the results of our work performed in relation the accuracy of the consolidation pack the PCC is required to prepare for the whole of government accounts on behalf of the CC. We did not identify any areas of concern.

2.4 Annual governance statement

We are required to consider the completeness of disclosures in the CC's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA / SOLACE guidance. We completed this work and did not identify any areas of concern.

3. Control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal of internal control we communicated to those charged with governance at the CC, as required, significant deficiencies in internal control.

We had no such matters to report.

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