



**To:** Joint Audit Committee  
**From:** Chief Finance Officers, OPCC and Constabulary  
**Date:** 26 September 2013

## **STATEMENTS OF ACCOUNTS 2013/14**

### **1. Recommendations**

1.1 The Committee is asked to:-

- a) Consider the Statements of Account 2013/14
- b) Consider the ISA 260 reports from the external auditor and any actions necessary,
- c) Note that the respective CFO's will sign the letters of representation on behalf of the Commissioner and the Chief Constable, and
- d) Note that the audited accounts will be published on the respective websites.

### **2. Purpose**

2.1 To provide a briefing and commentary on the Final Audited Accounts for 2013/14, and to present the external auditor's Audit Results Reports (ISA260) and request for Letters of Representation.

This report makes reference to the following documents which are attached:-

- Statement of Accounts 2013/14 – Police and Crime Commissioner for Cambridgeshire (the Group Accounts)
- Statement of Accounts 2013/14 – Chief Constable of Cambridgeshire Constabulary
- Audit Results Report – ISA260 – Police and Crime Commissioner for Cambridgeshire

- Audit Results Report – ISA260 – Chief Constable of Cambridgeshire Constabulary
- Request for a Letter of Representation - Police and Crime Commissioner (and Group)
- Request for a Letter of Representation – Chief Constable

### 3. Introduction

3.1 The Joint Audit Committee were presented with draft 2013/14 statement of accounts and a covering report at the meeting held on 23<sup>rd</sup> June 2014. The covering report described the statement of responsibilities, core statements within the accounts (Movement in reserves, Comprehensive Income and Expenditure Statement, Balance Sheet and cashflow statement). The report also demonstrated the how the deficit in the accounts relates to the underspend that was incurred for the financial year and the actions to be undertaken between the draft accounts and the presentation of the final accounts. To recap some of the main points:

- For accounting purposes, the Cambridgeshire Police and Crime Commissioner (the Commissioner) is the parent entity of the Chief Constable of Cambridgeshire Constabulary and together both corporations sole form a 'Group'.
- For 2013/14 the Chief Constable's accounts have the costs associated with delivering the policing plan and the liabilities associated with police and staff costs.
- The Police and Crime Commissioner and the Chief Constable must approve their audited accounts by 30th September.
- The more familiar revenue and capital monitoring reports for 2013/14 were considered by the Finance Sub Group. Those reports provided full details of the main areas of under and over spending in 2013/14.
- An explanatory foreword is included with the published Statement of Accounts. The purpose of this foreword is to provide additional interpretation and briefing on the accounts, highlighting key issues for the benefit of readers.
- The Draft Statement of Accounts has been drawn up in the form prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which constitutes 'proper accounting practice' under the terms of Section 21 of the Local Government Act 2003. The Code is updated each year to take account of changes in accounting standards.
- The main difference from the prior year is due to additional guidance from CIPFA and the Audit Commission being issued, meaning that the Chief Constable's Accounts now show the costs associated with operational policing and the liabilities associated with the staffing cost.

#### **4. Actions undertaken since the draft accounts were presented:**

- 4.1 The draft accounts were presented to the external auditors on 30<sup>th</sup> June 2014 for them to commence with their audit and audit plan. The accounts were also made available for public inspection from 18 August to 15 September 2014, with adverts being placed within the Huntingdon Post, Cambridgeshire News and Peterborough Telegraph and notifications on the Chief Constable and Police and Crime Commissioners websites, informing the public of the availability of the unaudited accounts and their right to question the auditor about the accounts or make objections to the auditor. To date there have been no objections. The auditors undertook the audit of the accounts during July, August and September 2014.

#### **5. Audit of the Accounts**

- 5.1 Ernst and Young's Audit Results Reports – ISA 260 on the audit of the two sets of accounts are attached. These reports must be considered by 'those charged with governance', as required by International Auditing Standard 260 (UK and I). Those charged with governance are the Police and Crime Commissioner, Chief Constable and the Chief Finance Officers for both the Police and Crime Commissioner and the Constabulary.

- 5.2 The Ernst and Young Director will take the Committee through his reports on the accounts. The audit report has identified 3 misstatements within the accounts, two of which have been corrected and one which has not been corrected. The corrected misstatements related to entries for capital receipts reserve and deferred capital receipts (relating to the former Police Helicopter) and the split between the movement in Debtors and Creditors balances. Neither of these had an impact on the bottom line balances of the core statements. The uncorrected misstatement related to 3 fuel invoices which were received after the year end date and were not included in the accruals. After consideration of this, due this being an isolated occurrence and the total value of £73k (£106k if projected over the whole of accruals) not being sufficient enough to materially impact on the accounts, this has not been corrected. However, given the above, the accounts are a clean bill of health and the CFOs record here their appreciation of the work of the Chief Accountant and the Finance Team. It is expected that following final completion of the audit work the Auditor will issue an unqualified opinion on the two sets of financial statements.

#### **6. Letter(s) of representation**

- 6.1 The external auditor requires a 'Letter of Representation' to be submitted to him by both the Commissioner (in respect of the Group Accounts) and the Chief Constable. This is a standard feature of the external audit arrangements for all local authorities, and has traditionally been acknowledged by the Audit Committee.

- 6.2 The requests from auditor addressed to the Police and Crime Commissioner and the Chief Constable are also attached. These requests will be turned into letters of representation and signed on behalf of the Commissioner and the Chief Constable by the respective CFOs.
- 6.3 The auditors have requested that specific representation in relation to Bad Debt provision and confirmation of being satisfied that “there is no bad debt provision due to the history of default being minimal or nil”. Given that the vast majority of the funding received by the Police and Crime Commissioner is derived from either government grants, council tax (for which there is an adjustment, for any under or over recovery through the council tax fund) and other local government bodies, the risk of default is substantially very low. Any other funding received represents a very small proportion of overall funding.
- 6.4 The auditors through the ISA 260 have also requested a rationale for the uncorrected misstatement (para 4.2) to be provided. This rationale is provided in para 5.2

## 7. Recommendations

- 7.1 The Committee is asked to:-
- a) Recommend to the Commissioner and the Chief Constable, approval of their respective Statements of Account 2013/14,
  - b) Consider the ISA 260 reports from the external auditor and any actions necessary,
  - c) Note that the respective CFO’s will sign the letters of representation on behalf of the Commissioner and the Chief Constable, and
  - d) Note that the audited accounts will be published on the respective websites.

## BIBLIOGRAPHY

Documents	Contacts	Location
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