

POLICE & CRIME COMMISSIONER FOR LEICESTERSHIRE JOINT AUDIT, RISK & ASSURANCE PANEL

PAPER MARKED

A

Report of	CHIEF FINANCE OFFICER/DIRECTOR OF FINANCE
Subject	STATEMENT OF ACCOUNTS 2012/13 INCLUDING LETTER OF REPRESENTATION
Date	TUESDAY 24 SEPTEMBER 2013 – 2.00 P.M.
Author :	MR R VICKERS & MR P DAWKINS

Summary

1. To present for approval the Statement of Accounts for the financial year 2012/13 for both the Office of the Police and Crime Commissioner (and Group) and the Office of the Chief Constable
2. The external auditors, PricewaterhouseCoopers, have reached the final stages of their audit of accounts in accordance with the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission. Draft statements were presented to members of the Joint Audit and Risk Assurance Panel (JARAP) on 28 June 2013. A separate report is also presented to JARAP (under agenda item D) which is from the external auditor identifying that there were no significant or material issues for consideration and that an unqualified audit opinion will be granted. In fulfilling the requirements as set out by Statute, the Chief Finance Officer/Director of Finance has included the Letters of Representation at Appendix 'A' which will be signed and attached to the signed Statement of Accounts before 30 September 2013.

Statement of Accounts 2012/13

3. The Statement of Accounts for both the Office of the Police and Crime Commissioner (and Group) and the Office of the Chief Constable will be available on the day of the meeting. Electronic copies have also been emailed to members of JARAP. No material amendments have been identified by the auditors during the course of their work.
4. A high level summary of the accounts is attached at Appendix 'B'.

Going Concern Assessment for the Office of the Police and Crime Commissioner (and the Group)

5. The "Going Concern" concept is one of the fundamental concepts that underpin the current accounting regime. The Financial Reporting Council (FRC), the United Kingdom's independent regulator responsible for promoting confidence in corporate

reporting and governance, has published Guidance to assist Treasurers and Directors when making their assessment of going concern. The Guidance is based on three principles covering the process which should be followed when assessing going concern, the period covered by the assessment and the disclosures on going concern and liquidity risk.

6. Under International Accounting Standard 1 (Presentation of Financial Statements), an entity is presumed to be a going concern. The Police and Crime Commissioner (PCC), under the remit of the Chief Finance Officer, has implicitly considered the ability of Office of the Police and Crime Commissioner (and the Group) to continue as a Going Concern, both as part of preparing the annual budget forecasts, the Police and Crime Plan, which embraces the Medium Term Financial Plan, and drawing up the annual financial statements.
7. The assessment has taken into consideration the budgetary pressures that the Office of the Police and Crime Commissioner (and the Group) will face up to 2016/17 and beyond. These are also described within the Medium Term Financial Plan, which has been continually updated and reviewed as and when new information becomes available throughout the financial year. The latest development of the Police and Crime Plan will include details of the change programme, which is designed to transform services and deliver over £20m in (revenue) savings by 2016. The ambition is to maintain delivery of the Police and Crime Plan within the resources available.
8. In making an assessment of the going concern, the changes caused by the Police Reform and Social Responsibility Act 2011 have been considered. These changes created two new corporation soles (Office of the Police and Crime Commissioner for Leicestershire and Office of the Chief Constable for Leicestershire) on 22 November 2012, and led to the creation of the Police and Crime Plan. Robust governance has been put in place which will ensure that the organisations can fulfil their purposes within clear and appropriate rules and regulations.
9. The assessment incorporates the presentation of the Annual Accounts for 2012/13, which the Chief Finance Officer is required to take into account and all the information available about the future prospects of the OPCC (and the Group), driven by the historical financial position of the organisation and the knowledge of the challenges it faces.
10. The view of the Chief Finance Officer is that the accounts, as presented, demonstrate satisfactory evidence that the organisation is currently sound in terms of its financial standing. This is particularly demonstrated through the on-going achievement of budget reductions, while maintaining service quality, robust reserves and a sound balance sheet.
11. Careful consideration will continue to be given to the Going Concern of the organisation as the economic backdrop continues to put significant pressure on police budgets. In addition, the potential impact of the Stage 2 staff and non-staff transfers between the Office of the Police and Crime Commissioner and Office of the Chief Constable will be monitored to ensure that both organisations can continue to fulfil their objectives.

Going Concern Assessment for the Office of the Chief Constable

12. The “Going Concern” concept is one of the fundamental concepts that underpin the current accounting regime. The Financial Reporting Council (FRC), the United Kingdom’s independent regulator responsible for promoting confidence in corporate reporting and governance, has published Guidance to assist Treasurers and Directors

when making their assessment of going concern. The Guidance is based on three principles covering the process which should be followed when assessing going concern, the period covered by the assessment and the disclosures on going concern and liquidity risk.

13. Under International Accounting Standard 1 (Presentation of Financial Statements), an entity is presumed to be a going concern. The Chief Constable (CC), under the remit of the Chief Finance Officer, has implicitly considered the ability of the Office of the Chief Constable to continue as a Going Concern, both as part of preparing the annual budget forecasts, identifying the resources required to satisfy the Police and Crime Plan (and therefore the Medium Term Financial Plan) and drawing up the annual financial statements. This assessment is closely linked to the Going Concern assessment of the Office of the Police & Crime Commissioner (OPCC) as prepared by the Chief Finance Officer.
14. The assessment has taken into consideration the budgetary pressures that the Office of the Chief Constable will face up to 2016/17 and beyond. These are also described within the Medium Term Financial Plan, which has been continually updated and reviewed as and when new information becomes available throughout the financial year. The latest development of the Police and Crime Plan by the OPCC will include details of the change programme, which is designed to transform services and deliver over £20m in (revenue) savings by 2016. The ambition is to maintain delivery of the Police and Crime Plan within the resources available.
15. In making an assessment of the going concern, the changes caused by the Police Reform and Social Responsibility Act 2011 have been considered. These changes created two new corporation soles (Office of the Police and Crime Commissioner for Leicestershire and Office of the Chief Constable for Leicestershire) on 22 November 2012, and led to the creation of the Police and Crime Plan. A governance framework has been put in place which will ensure that the organisations can fulfil their purposes within clear and appropriate rules and regulations. Under these arrangements the assets, liabilities and reserves were transferred from the previous Police Authority to the OPCC and remain under the OPCC's control. Also, under these arrangements the OCC fulfils its statutory functions within an annual budget made available by the PCC. The Police and Crime Plan for the period 2013 – 2017 is based upon the Force continuing to provide the policing elements of the plan. On this basis in making this Going Concern assessment for the OCC, the Chief Finance Officer has a degree of confidence that financial resources will continue to be transferred from the OPCC to the OCC to enable the Police and Crime Plan to be delivered.
16. The assessment incorporates the presentation of the Annual Accounts for 2012/13, which the Chief Finance Officer is required to take into account and all the information available about the future prospects of the OCC, driven by the historical financial position of the organisation and the knowledge of the challenges it faces.
17. The view of the Chief Finance Officer is that the accounts, as presented, demonstrate satisfactory evidence that the organisation is currently sound in terms of its financial standing. This is particularly demonstrated through the on-going achievement of budget reductions, maintaining service quality and the continued provision of financial resources from the OPCC.
18. Careful consideration will continue to be given to the Going Concern of the organisation as the economic backdrop continues to put significant pressure on police budgets. In addition, the potential impact of the Stage 2 staff and non-staff transfers between the Office of the Police and Crime Commissioner and Office of the Chief Constable will be monitored to ensure that both organisations can continue to fulfil

their objectives. The proposals for the Stage 2 transfer have to be submitted to the Home Office by the 16 September 2013.

Background Papers

None.

Implications

Financial: none. Legal: none. Diversity: none. Risk management: none.

Officers to Contact

Mr R Vickers, Interim Chief Finance Officer - Tel: 0116 229 8700

Email: robert.vickers@leics.pcc.pnn.gov.uk

Mr P Dawkins, Director of Finance - Tel: 0116 248 2244

Email: paul.dawkins@leicestershire.pnn.police.uk



**POLICE & CRIME
COMMISSIONER**
for Leicestershire

Your voice in Leicester,
Leicestershire & Rutland

Date: 6 September 2013

Ref: PCC12/PJL/lms

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Dear Sirs

Representation letter – audit of The Office of Police and Crime Commissioner for Leicestershire(the “PCC”)'s Statement of Accounts for the year ended 31 March 2013

The PCC is responsible for preparing consolidated statement of accounts in respect of itself and its subsidiary undertakings (together “the group”).

Your audit is conducted for the purpose of expressing an opinion as to whether the Statement of Accounts of the PCC and the group give a true and fair view of the state of affairs of the PCC and group as at 31 March 2013 and of the deficit and cash flows of the group for the year then ended have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 supported by the Service Reporting Code of Practice 2012/13.

Subsequent references in this letter to “the Statement of Accounts” refer to both the statement of accounts of the PCC and the consolidated statement of accounts of the group.

I acknowledge my responsibilities as Chief Financial Officer for preparing the Statement of Accounts as set out in the Statement of Responsibilities for the Statement of Accounts. I also acknowledge my responsibility for the administration of the financial affairs of the PCC and that I am responsible for making accurate representations to you.

I confirm that the following representations are made on the basis of enquiries of other chief officers and members of the PCC and the group with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy myself that I can properly make each of the following representations to you.

Office of the Police and Crime Commissioner for Leicestershire

Police Headquarters, St John's, Enderby, Leicester LE19 2BX | Telephone 0116 229 8980
Email police.commissioner@leicestershire.pnn.police.uk | Web www.leics.pcc.police.uk



I have particularly sought the views and opinions of the interim Chief Finance Officer (Peter Lewis) prior to his departure in respect to the statements within this letter and he has given his reassurances that the Statement of Accounts are a true and fair view of the local governance arrangements established. The interim Chief Finance Officer concurred with all statements within this letter and has signed a version of the letter as at 6 September 2013.

I confirm, to the best of my knowledge and belief, and having made the appropriate enquiries, the following representations:

Statement of accounts

- I have fulfilled my responsibilities for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 supported by the Service Reporting Code of Practice 2012/13; in particular the Statement of Accounts give a true and fair view in accordance therewith.
- All transactions have been recorded in the accounting records and are reflected in the statement of accounts.
- Significant assumptions used by the PCC and group in making accounting estimates, including those surrounding measurement at fair value, are reasonable.
- All events subsequent to the date of the statement of accounts for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 requires adjustment or disclosure have been adjusted or disclosed.

Information Provided

- I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that you, the PCC's auditors, are aware of that information.
- I have provided you with:
 - access to all information of which I am aware that is relevant to the preparation of the statement of accounts such as records, documentation and other matters, including minutes of the PCC and its committees, and relevant management meetings;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the group from whom you determined it necessary to obtain audit evidence.



- So far as I am aware, there is no relevant audit information of which you are unaware.

Accounting policies

I confirm that I have reviewed the PCC's and the group's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of Statement of Accounts are appropriate to give a true and fair view for the PCC's and the group's particular circumstances.

Fraud and non-compliance with laws and regulations

I acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I have disclosed to you:

- the results of our assessment of the risk that the statement of accounts may be materially misstated as a result of fraud.
- all information in relation to fraud or suspected fraud that we are aware of and that affects the group and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the statement of accounts.
- all information in relation to allegations of fraud, or suspected fraud, affecting the PCC and group's statement of accounts communicated by employees, former employees, analysts, regulators or others.
- all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing statement of accounts.

I am not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations which provide a legal framework within which the PCC and the group conducts its business and which are central to the PCC's and the group's ability to conduct its business or that could have a material effect on the statement of accounts.

I am not aware of any irregularities, or allegations of irregularities including fraud, involving members, management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the statement of accounts.



Related party transactions

I confirm that we have disclosed to you the identity of the PCC and group's related parties and all the related party relationships and transactions of which we are aware.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Section 3.9 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

We confirm that we have identified to you all senior officers, as defined by the Accounts and Audit Regulations 2011, and included their remuneration in the disclosures of senior officer remuneration.

Employee Benefits

I confirm that we have made you aware of all employee benefit schemes in which employees of the PCC and the group participate.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the PCC and the group have been properly reflected in the accounting records or, where material (or potentially material) to the statement of accounts, have been disclosed to you.

Litigation and claims

I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the statement of accounts and such matters have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Taxation

I have complied with UK taxation requirements and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any direct tax or any indirect taxes. I am not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and I have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In particular:

- In connection with any tax accounting requirements, I am satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with UK law or in accordance with any agreement reached with such authorities.



- I have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities including any return requiring us to disclose any tax planning transactions that have been undertaken the PCC's benefit or for the group's benefit or any other party's benefit.
- I am not aware of any taxation, penalties or interest that are yet to be assessed relating to either the PCC or the group or any associated company for whose taxation liabilities the PCC may be responsible.

Pension fund registered status

I confirm that the Local Government Pension Scheme for Police Staff (LGPS), administered by Leicestershire County Council and the Police Pension Scheme for Police Officers (PPS) are Registered Pension Schemes. We are not aware of any reason why the tax status of the scheme should change.

Bank accounts

I confirm that we have disclosed all bank accounts to you including those that are maintained in respect of the pension fund.

Subsequent events

There have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the statement of accounts or in the notes thereto.

Using the work of experts

I agree with the findings of Leicestershire County Council Valuers, Hymans Robertson and Mercer Limited experts in evaluating the valuation of our asset base and pension liability and have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the financial statements and underlying accounting records. The PCC did not give or cause any instructions to be given to experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

Deficiencies in internal control

I have communicated to you all deficiencies in internal control of which I am aware.

Accounting Arrangements for PCC and CC

I have fulfilled my responsibilities, for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the



United Kingdom 2012/13; in particular the financial statements give a true and fair view in accordance therewith.

I have appropriately reflected the requirements as issued in CIPFA LAAP 95, alongside the Corporate Governance Framework established between the PCC and CC and that the Statement of Accounts are a true and fair view of the local governance arrangements established and the financial transactions and position of the two corporation soles established under the legislation and the disclosure thereof.

Yours faithfully

Interim Assurance

Robert Vickers
Chief Finance Officer

A handwritten signature in black ink, appearing to read 'Peter Lewis', with a long, sweeping horizontal line extending to the right.

Peter Lewis
6 September 2013

For and on behalf of The Office of the Police and Crime Commissioner for Leicestershire.

Date: 16 September 2013

Ref: PCC12/RV/lms

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Dear Sirs

Representation letter – audit of The Office of the Police and Crime Commissioner for Leicestershire’s (the “PCC’s”) Statement of Accounts for the year ended 31 March 2013

The PCC is responsible for preparing a consolidated statement of accounts in respect of The Office of the PCC and its subsidiary undertakings (together “the Group”).

Your audit is conducted for the purpose of expressing an opinion as to whether the Statement of Accounts of the PCC (and the Group):

- give a true and fair view of the state of affairs of the PCC (and the Group) as at 31 March 2013 and of the deficit and cash flows of the Group for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 supported by the Service Reporting Code of Practice 2012/13.

Subsequent references in this letter to “the Statement of Accounts” refer to both the statement of accounts of the PCC and the consolidated statement of accounts of the Group.

I acknowledge my responsibilities as Chief Finance Officer for preparing the Statement of Accounts as set out in the Statement of Responsibilities for the Statement of Accounts. I also acknowledge my responsibility for the administration of the financial affairs of the PCC and that I am responsible for making accurate representations to you.

I confirm that the following representations are made on the basis of enquiries of the PCC, relevant staff and the members of any Committees/Panels with relevant knowledge and



experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy myself that I can properly make each of the following representations to you. I sought the views and opinions of the former Interim Chief Finance Officer (Peter Lewis) prior to his departure in respect to the statements within this letter and he gave his reassurances that the Statement of Accounts are a true and fair view of the local governance arrangements established. The Interim Chief Finance Officer concurred with all statements within this letter and signed an earlier draft version of this letter as at 6 September 2013.

I confirm, to the best of my knowledge and belief, and having made the appropriate enquiries, the following representations:

Statement of accounts

I have fulfilled my responsibilities for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 supported by the Service Reporting Code of Practice 2012/13; in particular the Statement of Accounts gives a true and fair view in accordance therewith.

All transactions have been recorded in the accounting records and are reflected in the Statement of Accounts.

Significant assumptions used by the PCC (and Group) in making accounting estimates, including those surrounding measurement at fair value, are reasonable.

All events subsequent to the date of the Statement of Accounts for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 requires adjustment or disclosure have been adjusted or disclosed.

Information Provided

I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that you, the PCC's auditors, are aware of that information.

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the Statement of Accounts such as records, documentation and other matters, including minutes of relevant meetings including the Police and Crime Panel (PCP) and Joint Audit Risk and Assurance Panel (JARAP), and relevant management meetings;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to persons within the Group from whom you determined it necessary to obtain audit evidence.



So far as I am aware, there is no relevant audit information of which you are unaware.

Accounting policies

I confirm that I have reviewed the PCC's (and the Group's) accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the Statement of Accounts are appropriate to give a true and fair view for the PCC's (and the Group's) particular circumstances.

Fraud and non-compliance with laws and regulations

I acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I have disclosed to you:

- the results of our assessment of the risk that the Statement of Accounts may be materially misstated as a result of fraud;
- all information in relation to fraud or suspected fraud that we are aware of and that affects the Group and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the statement of accounts;
- all information in relation to allegations of fraud, or suspected fraud, affecting the PCC's (and Group's) Statement of Accounts communicated by employees, former employees, analysts, regulators or others; and
- all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Statement of Accounts.

I am not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations which provide a legal framework within which the PCC (and the Group) conducts its business and which are central to the PCC's (and the Group's) ability to conduct its business or that could have a material effect on the Statement of Accounts.

I am not aware of any irregularities, or allegations of irregularities including fraud, involving members, management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the Statements of Accounts.



Related party transactions

I confirm that we have disclosed to you the identity of the PCC's (and Group's) related parties and all the related party relationships and transactions of which we are aware.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Section 3.9 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

I confirm that we have identified to you all senior officers, as defined by the Accounts and Audit Regulations 2011, and included their remuneration in the disclosures of senior officer remuneration.

Employee Benefits

I confirm that we have made you aware of all employee benefit schemes in which employees of the PCC (and the Group) participate.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the PCC (and the Group) have been properly reflected in the accounting records or, where material (or potentially material) to the Statement of Accounts, have been disclosed to you.

Litigation and claims

I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the Statement of Accounts and such matters have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Taxation

I have complied with UK taxation requirements and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any direct tax or any indirect taxes. I am not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and I have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In particular:

- in connection with any tax accounting requirements, I am satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with UK law or in accordance with any agreement reached with such authorities;



- I have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities including any return requiring us to disclose any tax planning transactions that have been undertaken for the PCC's benefit (or for the Group's benefit) or any other party's benefit; and
- I am not aware of any taxation, penalties or interest that are yet to be assessed relating to either the PCC (or the Group) or any associated company for whose taxation liabilities the PCC may be responsible.

Pension fund registered status

I confirm that the Local Government Pension Scheme for Police Staff (LGPS), administered by Leicestershire County Council and the Police Pension Scheme for Police Officers (PPS) are Registered Pension Schemes. We are not aware of any reason why the tax status of the schemes should change.

Bank accounts

I confirm that we have disclosed all bank accounts to you.

Subsequent events

There have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the Statement of Accounts or in the notes thereto.

Using the work of experts

I agree with the findings of Leicestershire County Council Valuers, Hymans Robertson and Mercer Limited, who are experts in evaluating the valuation of our asset base and pension liability and have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the financial statements and underlying accounting records. The PCC did not give or cause any instructions to be given to experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

Deficiencies in internal control

I have communicated to you all deficiencies in internal control of which I am aware.

Accounting arrangements for the PCC and CC

I have fulfilled my responsibilities, for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the



United Kingdom 2012/13; in particular the financial statements give a true and fair view in accordance therewith.

I have appropriately reflected the requirements as issued in CIPFA LAAP 95, alongside the Corporate Governance Framework established between the PCC and CC and that the Statement of Accounts provide a true and fair view of the local governance arrangements established and the financial transactions and position of the two corporation soles established under the legislation and the disclosure thereof.

Yours faithfully

Robert Vickers
Chief Finance Officer

Date

For and on behalf of The Office of the Police and Crime Commissioner for Leicestershire.



Paul S. Dawkins, Finance Director, M.B.A., C.P.F.A.
T: 0116 248 2244 E: paul.dawkins@leicestershire.pnn.police.uk

PricewaterhouseCoopers LLP

Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Dear Sirs

**Representation letter – audit of the Chief Constable (“CC”) of Leicestershire’s
Statement of Accounts for the year ended 31 March 2013**

Your audit is conducted for the purpose of expressing an opinion as to whether the Statement of Accounts of the CC give a true and fair view of the affairs of the CC as at 31 March 2013 and of the income and expenditure and cash flows for the year then ended and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 supported by the Service Reporting Code of Practice 2012/13.

I acknowledge my responsibilities as Chief Finance Officer for preparing the Statement of Accounts as set out in the Statement of Responsibilities for the Statement of Accounts. I also acknowledge my responsibility for the administration of the financial affairs of the CC and that I am responsible for making accurate representations to you.

I confirm that the following representations are made on the basis of enquiries of the CC, other chief officers, staff and the members of any Committees/Panels with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy myself that I can properly make each of the following representations to you.

I confirm, to the best of my knowledge and belief, and having made the appropriate enquiries, the following representations:

Statement of Accounts

I have fulfilled my responsibilities for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 supported by the Service Reporting Code of Practice 2012/13; in particular the Statement of Accounts give a true and fair view in accordance therewith.

All transactions have been recorded in the accounting records and are reflected in the Statement of Accounts.

Significant assumptions used by the CC in making accounting estimates, including those surrounding measurement at fair value, are reasonable.

All events subsequent to the date of the Statement of Accounts for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 requires adjustment or disclosure have been adjusted or disclosed.

Information Provided

I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that you, the CC's auditors, are aware of that information.

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the Statement of Accounts such as records, documentation and other matters, including minutes of relevant management meetings;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to persons within the Force from whom you determined it necessary to obtain audit evidence.

So far as I am aware, there is no relevant audit information of which you are unaware.

Accounting policies

I confirm that I have reviewed the CC's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the Statement of Accounts are appropriate to give a true and fair view for the CC's particular circumstances.

Fraud and non-compliance with laws and regulations

I acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I have disclosed to you:

- the results of our assessment of the risk that the Statement of Accounts may be materially misstated as a result of fraud;
- all information in relation to fraud or suspected fraud that we are aware of and that affects the CC and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the Statement of Accounts;
- all information in relation to allegations of fraud, or suspected fraud, affecting the CC's Statement of Accounts communicated by employees, former employees, analysts, regulators or others.
- all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Statement of Accounts.

I am not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations which provide a legal framework within which the CC conducts his business and which are central to the CC's ability to conduct his business or that could have a material effect on the Statement of Accounts.

I am not aware of any irregularities, or allegations of irregularities including fraud, involving members, management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the Statement of Accounts.

Related party transactions

I confirm that we have disclosed to you the identity of the CC's related parties and all the related party relationships and transactions of which we are aware.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Section 3.9 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

I confirm that we have identified to you all senior officers, as defined by the Accounts and Audit Regulations 2011, and included their remuneration in the disclosures of senior officer remuneration.

Employee Benefits

I confirm that we have made you aware of all employee benefit schemes in which employees of the CC participate.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the CC have been properly reflected in the accounting records or, where material (or potentially material) to the statement of accounts, have been disclosed to you.

Litigation and claims

I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the Statement of Accounts and such matters have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Taxation

I have complied with UK taxation requirements and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any direct tax or any indirect taxes. I am not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and I have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In particular:

- in connection with any tax accounting requirements, I am satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with UK law or in accordance with any agreement reached with such authorities;
- I have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities including any return requiring us to disclose any tax planning transactions that have been undertaken for the CC's benefit or any other party's benefit; and
- I am not aware of any taxation, penalties or interest that are yet to be assessed relating to either the CC or any associated company for whose taxation liabilities the CC may be responsible.

Pension fund registered status

I confirm that the Local Government Pension Scheme for Police Staff (LGPS), administered by Leicestershire County Council and the Police Pension Scheme for Police Officers (PPS) are Registered Pension Schemes. We are not aware of any reason why the tax status of the schemes should change.

Bank accounts

I confirm that I have disclosed all bank accounts to you.

Subsequent events

There have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the Statement of Accounts or in the notes thereto.

Using the work of experts

I agree with the findings of Leicestershire County Council Valuers, Hymans Robertson and Mercer Limited, who are experts in evaluating the valuation of our asset base and pension liability and have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the financial statements and underlying accounting records. The CC did not give or cause any instructions to be given to experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

Deficiencies in internal control

I have communicated to you all deficiencies in internal control of which I am aware.

Accounting arrangements for the PCC and CC

I have fulfilled my responsibilities, for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13; in particular the financial statements give a true and fair view in accordance therewith.

I have appropriately reflected the requirements as issued in CIPFA LAAP 95, alongside the scheme of governance and consent established between the PCC and CC and that the Statement of Accounts provide a true and fair view of the local governance arrangements established and the financial transactions and position of the two corporation soles established under the legislation and the disclosure thereof.

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Chief Finance Officer

For and on behalf of Chief Constable of Leicestershire

Date

The Statement of Accounts 2012/13

The purpose of this Annex is to draw out from the inevitably detailed statutory accounts the main messages in order to provide Members of JARAP with suitable assurances.

Comprehensive Income and Expenditure Statement for the Office of the Police and Crime Commissioner ((OPCC) and the Group)

The revenue account shows performance on day to day operational expenditure and income, the net cost of which is met by police grant, revenue support grant, Leicestershire's share of the national non-domestic rate pot, and precept income.

The net budget to be met from those sources in 2012/13 was £169.6 million (and £0.840m for the OPCC). In the event, that budget was under spent by £3.838 million, or 2.26%. This surplus on the year has been utilised as follows:-

£3.838m has been placed in the budget equalisation reserve to be utilised as part of the implementation and support of the Change Programme, which will shape the force to live within the resources available by 2016/17 and also at the discretion of the Police and Crime Commissioner to support the Police and Crime Plan.

The respective values of the main sources of funding were as follows:-

£ 55.911m (33.0%) precept (this will differ to the Statement due to collection fund Adjustments)
£ 67.317m (39.7%) police grant
£ 0.882m (0.5%) revenue support grant
£ 45.490m (26.8%) national non-domestic rates

£169.600m

Comprehensive Income and Expenditure Statement for the Office of Chief Constable

The Office of the Chief Constable consumed resources on behalf of the Police and Crime Commissioner. For 2012/13 the Police and Crime Commissioner in consultation with the Chief Constable set a budget of £168.76m to be managed by the Office of the Chief Constable.

Reserves of the Office of the Police and Crime Commissioner (and the Group)

Earmarked reserves, including those mentioned above, amounted to £22.925 million at 31 March 2013. These will almost wholly be needed to support the revenue budgets for 2013/14 and beyond.

The non-earmarked Police Fund, retained for emergencies, amounted to £5.253 million at 31 March 2013. There are no proposals to use this fund at present.

Balance Sheet of the Office of the Police and Crime Commissioner (and the Group)

The Balance Sheet provides a snapshot view of the financial health of an organisation at a moment in time – in this case 31 March 2013. It lists the assets of the organisation, both long and short term, less its liabilities.

As mentioned within the Statement of Accounts, the future liability for police pensions has to be shown as a liability in the accounts, even though it will be several years before many of these officers start to draw their pensions, and that statutory arrangements are in place to fund the annual deficits (contributions to the pension fund less pensions paid out of it) in future. This treatment distorts the balance sheet bottom line and disguises the realistic financial status of the authority.

If this figure is stripped out the balance sheet shows a healthy financial position, as follows:-

The OPCC (and the Group) holds assets worth some £98 million, including property and vehicles worth £59 million, cash invested temporarily of £23 million, and debtors (money owed to it) of £13 million.

Liabilities (excluding the pensions distortion) total only £31 million, including loans outstanding of £15 million and creditors (money owed by it) of £11 million.

The net asset value of the authority of £67 million is represented by the reserves mentioned above, cash, and the accounts that reflect past movements on asset funding and revaluations.

Cash flow

An important element of the Office of the Police and Crime Commissioner (and the Group) accounts is the cash flow statement. It summarises the inflows and outflows of cash arising from the transactions with third parties for revenue and capital purposes resulting in the overall increase / decrease in cash book balance between the two years. It is not a particular measure of how the cash is invested during the year; this is reported in the annual Treasury Management Report. However, it does provide information on the liquidity of the Office of the Police and Crime Commissioner and the Group in terms of the increases and decreases in current assets and liabilities.