



Leicestershire Police: Police and Crime Commissioner (PCC) and Chief Constable (CC)

November 2014

External audit progress report (as at 25 November 2014) to the Joint Audit, Risk and Assurance Panel (JARAP) meeting on 19 December 2014

Introduction

This summary tells you about our progress since your last meeting. We also present our annual audit letter issued in October alongside this update report.

2013/14 external audit

We presented our findings on the 2013/14 financial statements at the Panel meeting on 23 September 2014. We signed our opinion and issued our completion certificate on the 29 September 2014. We issued our annual audit letter on 27 October 2014. Following these presentations, we have completed our audit responsibilities for the 2013/14 financial year. Our annual audit letter lists all of our audit responsibilities under the code and how we met them.

2014/15 external audit

Last year Richard Bacon replaced Mark Jones as engagement leader due to illness and then a subsequent secondment outside of the firm and Ed Cooke as manager to support the team. This year we are planning no further changes other than to replace Maggie Gibbs with Tim Baker, who recently left the firm. Tim is an experienced police auditor who already works with Richard and Ed.

We will commence our detailed planning phase of the 2014/15 audit in December and will continue this into the first couple of months in the New Year. The key aspects of our planning phase will include:

- Meetings with management to keep up to date with key developments;
- Liaison with internal audit to understand the work carried out;
- Updating our understanding of the overall control environment and control activities;
- Identification and assessment of audit risks; and
- Development of our audit strategy.

Our planning work will contribute to the development of our Audit Plan which we look forward to presenting to you at the next JARAP meeting.

2014/15 Fees

In May 2014 we issued our 2014/15 planning letter confirming the fees proposed for the 2014/15 programme of audit work as published by the Audit Commission. At the time of writing we are not aware of any changes to these proposals and the total indicative fee for the Police and Crime Commissioner financial statements 2014/15 audit is £43,240 (excluding VAT) and £20,000 for the Chief Constable audit (excluding VAT).

2014/15 Risks

We will present our detailed risk assessment and planned response as part of our annual plan. At this stage we anticipate the following significant risks for the 2014/15 audit plan.

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Financial statement risks:

Fraud and Management Override of Controls

ISA (UK&I) 240 requires that we plan our audit work to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk that management may override controls in order to manipulate the financial statements.

Recognition of income and expenditure

Under ISA (UK&I) 240 there is a (rebuttable) presumption that there are risks of fraud in revenue and expenditure recognition.

Value for money conclusion risks:

Medium Term Financial Strategy

You have made significant strides over the past few years to identify savings and deliver more efficient services. Given the size and current uncertainties given the upcoming general elections it is anticipated that your MTFS, the assumptions on which it is based and proposed savings plans as part of your transformation agenda is critical to your ability to secure and deliver economy, efficiency and effectiveness.

We would again look to utilise the work of any relevant HMIC inspections to inform our risk assessment and our local work programme for 2014/15.

Other areas of focus for 2014/15

We will continue to keep up to date with developments in your joint operations and any changes or additions to these as part of your wider transformation agenda that sit alongside your MTFS and Police and Crime Plan.

Earlier closedown of your accounts

With changes to the audit regulations and the overall timetable being brought earlier for both preparation of the draft statement of accounts and publication of your audited statement of accounts, we are working with management to explore an earlier close of your draft statement of accounts and an earlier audit timetable, so that you can develop an appropriate timetable and processes for when the regulations take effect.

Independence

We are required to follow ISA 260, Communication of audit matters with those charged with governance, and Ethical Standard 1, Integrity, objectivity and independence, issued by the Auditing Practices Board. We must communicate at least annually with you regarding all relationships between PwC in the UK and other PwC firms and associated entities ('the Firm') and the Council, its directors and senior management that, in our professional judgment, may reasonably be thought to bear on our independence and objectivity.

Based on the enquiries performed to date, we are not aware of any independence related matters that we believe should be brought to your attention at this point.

We will monitor this throughout the audit. As part of our full audit plan and the year-end report to the Panel, we will reconfirm our independence and detail any non-audit services provided.

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Other sector updates

Consultation on the new Code of Audit Practice

As part of the closure of the Audit Commission, the National Audit Office (NAO), on behalf of the Controller and Auditor General, will take on setting the Code of Audit Practice from 2015/16. This new Code of Audit Practice will cover much of the public sector, including NHS foundation trusts.

A copy of the consultation is available at <http://www.nao.org.uk/keep-in-touch/our-surveys/consultation-code-audit-practice/> and the deadline for response was 31 October 2014. In practise it is unlikely that audited bodies will see a significant change in the approach taken by their auditors as part of the new Code of Audit Practice.

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Thought leadership publications

As part of our regular reporting to you we plan to keep you up to date with the emerging thought leadership we publish. The PwC Public Sector Research Centre (PSRC) produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.

Productivity in the Public Sector

This new Talking Points publication from PwC and Demos explores what can be done to lift productivity and how the public sector can play its part.

The UK as a whole has a productivity problem. Its workers produce less per hour than their counterparts in France, Germany and the US, with the gap widening since the onset of the financial crisis. The question of how to improve productivity is where debates on growth, living standards and deficit reduction come together. And the public sector has a key role to play in finding the answer.

By creating the right environment for business through their policies, government at all levels can help places build on their strengths and attract the talent and investment that companies need to succeed. And the public sector - as a huge employer - has the potential to make a unique impact to this issue.

In this Talking Points publication from PwC and Demos, we examine the issue of low productivity and the challenges ahead for the public sector, consider the role of the workforce as a partner in solving these dilemmas and draw together discussions over a series of three roundtables on 'good jobs', to present some potential responses including:

- Job design for high productivity working
- Learning and development for an adaptable public sector workforce
- Pay and rewards and their links to productivity



http://www.pwc.com/en_GX/gx/psrc/united-kingdom/assets/pwc-productivity-in-the-public-sector.pdf

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Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In March 2010 the Audit Commission issued a revised version of the ‘Statement of responsibilities of auditors and of audited bodies’. It is available from the Chief Officer of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to directors or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any director or officer in their individual capacity or to any third party.

Freedom of Information Act

In the event that, pursuant to a request which the the Police and Crime Commissioner for Leicestershire and Chief Constable of Leicestershire Police has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PricewaterhouseCoopers (PwC) promptly and consult with PwC prior to disclosing such report. The the Police and Crime Commissioner for Leicestershire and Chief Constable of Leicestershire Police agrees to pay due regard to any representations which PwC may make in connection with such disclosure and the the Police and Crime Commissioner for Leicestershire and Chief Constable of Leicestershire Police shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, the the Police and Crime Commissioner for Leicestershire and Chief Constable of Leicestershire Police discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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