

Police and Crime Commissioner for North Yorkshire and Chief Constable for North Yorkshire

Progress report and briefing – 15 June 2015

2014/15



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Our reports are prepared in the context of the Audit Commission's 'Statement of responsibilities of auditors and audited bodies'. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Commissioner and Chief Constable and we take no responsibility to any member or officer in their individual capacity or to any third party.

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Purpose of this document

The purpose of this paper is to provide the Joint Independent Audit Committee (the Committee) with a report on progress in delivering our responsibilities as external auditor of the Police and Crime Commissioner for North Yorkshire (the Commissioner) and the Chief Constable for North Yorkshire (the Chief Constable).

This paper also seeks to highlight key emerging national issues and developments which may be of interest to members of the Committee.

If you require any additional information regarding the issues included within this briefing, please contact any member of your engagement team.

Finally, please note our website address (www.mazars.co.uk) which sets out the range of work Mazars carries out, both within the UK and abroad. It also details the existing work Mazars does in the public sector – including Academies, Universities, Sixth Form Colleges and Housing Associations (both Internal and External Audit).

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Progress on the audit

Financial statements audit and value for money conclusion

The Committee will recall that we presented our 2014/15 Audit Strategy Memorandum for the Commissioner and for the Chief Constable at its March 2015 meeting.

Since the Committee last met we have:

- had on-going liaison with the Commissioner and Chief Constable's Chief Finance Officers around topical and specific accounting issues for the 2014/15 financial statements including:
 - payment towards the pension scheme deficit; and
 - costs arising from a recent determination by the Pension Ombudsman in relation to the use of out-of-date commutation factors by some pension funds.
- continued to update our planning in readiness for our audit of the financial statements and completing our work in respect of the arrangements to secure 'value for money' conclusion.

Our audit work is on track, and there are no matters which we need to bring to the attention of the Committee at this stage of our audit.

In late April and early May we received several emails from a member of the public requesting information from us under the Freedom of Information Act. While we are not subject to the Freedom of Information Act, these emails also contained questions around North Yorkshire Police's decision to fund a civil court case that we are required to consider in light of our responsibilities as the Commissioner's and Chief Constable's external auditors. In particular, the questions surround the legal basis on which North Yorkshire Police decided to undertake and fund this course of action. We are currently discussing this matter with officers and will verbally update the Committee at its meeting if there are any further developments between submitting this report and the Committee's meeting on 15 June 2015.

The next stage of our audit is our on site work which is due to commence on 8 June, and we are aiming for our audit to be substantially complete by the end of July 2015, this is of course subject to any late developments and assurance we obtain from other auditors such as the assurance over the North Yorkshire County Council pension fund.

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National publications and updates

Audit Commission Closure, March 2015

Background:

In August 2010, the Department for Communities and Local Government (DCLG) announced plans to put in place new arrangements for auditing England's local public bodies.

The Local Audit and Accountability Act 2014 received Royal Assent on 30 January 2014. The Act made it possible for the Audit Commission to close, in line with Government expectations, on 31 March 2015, 30 years after it was established. Several of the Commission's functions will continue after its closure.

Management of audit contracts:

An independent company created by the Local Government Association (Public Sector Audit Appointments Limited) is now responsible for overseeing the Commission's current external audit contracts with audit firms from 1 April 2015 until December 2017 or up to 2020 (if a decision is made that the existing contracts will be extended). It will manage the contracts and exercise statutory powers to appoint auditors, set and determine fees, and to make arrangements for housing benefit subsidy certification.

The professional conduct of auditors will continue to be regulated by the professional accountancy bodies. From 2017 or up to 2020, Recognised Supervisory Bodies will determine the eligibility of local public auditors and register them and, in turn, they will be recognised and supervised by the Financial Reporting Council.

The Financial Reporting Council's Audit Quality Review team will monitor the local public audits carried out by auditors through new regulatory arrangements.

Code of Audit Practice

The National Audit Office have produced and will maintain the Code of Audit Practice and provide supporting guidance to auditors from 1 April 2015.

Whistleblowing

The Comptroller and Auditor General will be a prescribed person to whom whistleblowing disclosures can be made in respect of local public bodies under the Public Interest Disclosure Act 1998 from 1 April 2015. Appointed auditors retain their status as a prescribed person under the Act.

National Fraud Initiative

The Audit Commission powers to conduct the National Fraud Initiative passed to Cabinet Office on the 1st of April 2015, and the NFI will run under Cabinet Office powers from that date onwards. The NFI matches data provided by some 1,300 participating organisations from across the public and private sectors against data provided by other participants, and key data sets provided by government departments and other national agencies, to prevent and detect fraud.

Counter fraud

To preserve the legacy of the Audit Commission's counter-fraud work the Commission has published relevant counter-fraud tools and outputs online with open access before it closed at the end of March 2015.

Provision of information about audit

The National Audit Office will publish information previously provided by the Audit Commission. The NAO will become the owner of Council Accounts: A Guide to Your Rights, often referred to as the guide to the electorate's rights with regard to the audit of their local authority. Public Sector Audit Appointments Limited will continue to publish Auditing the Accounts and quarterly and annual reports on auditor compliance and audit quality.

Analytical tools

Three of the Audit Commission's analytical tools that are primarily maintained to support audit contracts will transfer to Public Sector Audit Appointments Limited and will continue until the end of the current audit contracts: the two Value for Money Profiles Tools (for councils and for fire authorities), and the Audit Fees Comparator Tool. The Financial Ratios Tool is also likely to continue, although arrangements are yet to be finalised.

National value for money studies

Building on its existing work, including in the Health sector, the National Audit Office now also carries out studies which consider the value for money of services delivered by the local government sector.

Best value inspections

The power to carry out Best Value inspections (not exercised by the Audit Commission since 2010) transferred to the Secretary of State for Communities and Local Government on 4 April 2014.

Audit Commission historic reports and information

The National Archives preserves copies of the Audit Commission's website and these are available at http://webarchive.nationalarchives.gov.uk/*/http://audit-commission.gov.uk/pages/default.aspx
For copies of the Commission's past reports you may view these on the National Archives website.

Appendix 1 – Position statement of 2014/15 audits

Planned output	Expected completion date	Draft report issued to management	Final report issued to management	Final report presented to Joint Independent Audit Committee	Comments
Audit Fee Letters (individual letters for Commissioner and Chief Constable).	April 2014	~	April 2014	~	~
Audit Committee Progress Report and Briefing (joint for both Commissioner and Chief Constable).	~	~	~	~	To each and every meeting.
External/Internal Audit protocol for 2014/15 (joint for both Commissioner and Chief Constable).	January 2015	7 January 2015	27 January 2015	March 2015	~
Audit Strategy Memorandum (individual plans for Commissioner and Chief Constable).	March 2015	26 February 2015	March 2015	March 2015	~
Annual governance reports, incorporating opinion on the financial statements and VfM Conclusion (individual for Commissioner and Chief Constable).	September 2015				
Annual Audit Letter (individual for Commissioner and Chief Constable).	October 2015				