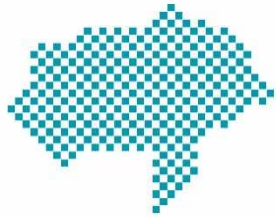


Audit Progress Report

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

Police and Crime
Commissioner
North Yorkshire



March 2017



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Audit progress

Purpose of this report

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 of North Yorkshire Police (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.

Progress on the audit

Since the committee last met, we have:

- held internal planning meetings as part of our planning process for the 2016/17 audit;
- had update meetings with the Chief Finance Officers and the finance team in respect of planning for the 2016/17 interim and final audit visits;

- undertaken planning work to refresh our documentation in respect of the key financial systems (including undertaking walkthrough testing);
- refreshed our understanding of the processes in place that inform the preparation of the financial statements;
- undertaken our risk assessment as part of planning for our 2016/17 VFM conclusion; and
- developed and agreed our 2016/17 Audit Strategy Memorandum (Annual audit plans) with Officers which will be presented separately to the Committee at its March meeting.

Our audit work is on track for this time of year, and we have no matters to raise with the Committee at this stage of our audit. Appendix 1 provides a summary of progress for our 2016/17 audits.

Final accounts workshop

As in previous years, we have run our annual final accounts workshop for local authorities (including Police, Fire and Combined Authority clients), designed to help ensure the final accounts process goes as smoothly as possible. The workshop was held in February 2017, and was free of charge.

Officers from your finance team attended.

National publications and other updates

National publications and other updates	
1	Procurement Strategy, PSAA, December 2016
2	Report on the results of auditors' work 2015/16: Local government bodies, PSAA, December 2016
3	National Overview 2016, Emergency Services Collaboration Working Group, December 2016
4	Police and Crime Act, Home Office, January 2017
5	Police Inspection: Proposed Programme and Framework, HMIC, January 2017
6	Investigation into Police and Firefighters Pension Scheme Commutation Factors, NAO, January 2017
7	Mandatory Gender Pay Gap Reporting – Public Sector, Government Equalities Officer, January 2017

1. Procurement strategy, PSAA, December 2016

As previously reported to the Committee, from 2018/19 onwards, local authorities (including Police bodies) will be required to appoint their own auditor. A collective procurement option is available via PSAA who published their procurement strategy on 21 December 2016 as well as details of which bodies have signed-up to date. The list is being updated as new bodies sign up. The closing date for authorities to opt in or out of the national procurement is 9 March 2017 so any authorities that are still considering their decision whether to opt in following the publication of the national procurement strategy will need to act quickly.

PSAA intend to choose six suppliers by 30 June 2017 but the strategy does not say how they will then allocate audits to suppliers. Regardless of the procurement method the new auditor must be appointed by 31 December 2017.

<http://www.psa.co.uk/supporting-the-transition/appointing-person/procurement-strategy/>

<http://www.psa.co.uk/wp-content/uploads/2017/01/2017-01-04-List-of-opted-in-authorities.xlsx>

2. Report on the results of auditors' work 2015/16: Local government bodies, PSAA, December 2016

Auditors of 96% of authorities were able to issue the opinion on the accounts by the statutory deadline of 30 September 2016.

PSAA's conclusions in relation to local authorities included that *"The timeliness and quality of financial reporting for 2015/16, as reported by auditors, remained broadly consistent with the previous year for both principal and small bodies. The number of principal bodies that received an early unqualified audit opinion (by 31 July) doubled compared with 2014/15. In spite of the challenges they are facing, principal local government bodies are working hard to maintain high standards of financial reporting. The latest results of auditors' work on the financial year to 31 March 2016 show a good position for the majority of organisations."*

<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/reports-on-the-results-of-auditors-work/>

3. National Overview 2016, Emergency Services Collaboration Working Group, December 2016

The national Emergency Services Collaboration Working Group was formed in September 2014 to help improve emergency service collaboration. It is made up of representatives from the Association of Ambulance Chief Executives, the National Police Chiefs' Council, Association of Police and Crime Commissioners, College of Policing, Chief Fire Officers Association, the Local Government Association and the Maritime and Coastguard Agency. To help share good practice, the group published the National Overview 2016. It contains examples of collaborative projects, plans and initiatives from across England and Wales.

A copy of the report can be found on the link below:

<https://www.gov.uk/government/publications/the-uk-fire-and-resilience-offer>

4. Police and Crime Act 2017, Home Office, January 2017

The Policing and Crime Bill received Royal Assent on Tuesday, 31 January. Now the Policing and Crime Act 2017, it aims to enhance the democratic accountability of police forces and fire and rescue services and improve the efficiency and effectiveness of emergency services through closer collaboration. As members may be aware, the provisions of the Policing and Crime Act 2017 will:

- place a new duty on police, fire and rescue and emergency ambulance services to collaborate where it is in the interests of their efficiency or effectiveness;
- enable police and crime commissioners (PCCs) to take on responsibility for the governance of fire and rescue services, where a local case is made;
- enable the PCC, in areas where a PCC has not become responsible for fire and rescue, to have representation on their local Fire and Rescue Authority (FRA) with voting rights, where the FRA agrees;
- enable PCCs who take on the responsibilities of an FRA and mayors of combined authorities who exercise both police and fire functions to delegate fire and rescue functions to a single chief officer for police and fire, where a local case is made;
- introduce an independent inspection regime for fire and rescue in England;

- enable fire inspectors to enter premises, obtain information, and undertake joint inspections with HM Inspectors of Constabulary; and
- enable the Home Secretary to appoint a Chief Fire and Rescue Inspector for England, approve a framework of inspection and require inspectors to publish the reports of their inspections as well as an annual report to Parliament.

A copy of the report can be found on the link below:

<https://www.gov.uk/government/collections/policing-and-crime-bill>

5. Police Inspection: Proposed Programme and Framework 2017/18, HMIC, January 2017

On 20 January HMIC issued their inspection programme for the Police, which was out for consultation until 24 February. We will consider the outcomes of inspections in conducting our value for money work. The consultation sought views on HMIC's proposed inspection programme for 2017 to 18. This includes:

- national thematic inspections;
- joint inspections;
- PEEL assessments;
- inspections of other national law enforcement agencies;
- commissions from the Home Secretary, police and crime commissioners and other local policing bodies; and
- HMIC work on fire inspections and super-complaints.

The consultation can be found on the link below:

<https://www.gov.uk/government/consultations/police-inspection-proposed-programme-and-framework-2017-to-2018>

6. Investigation into Police and Firefighters Pension Scheme Commutation Factors , NAO, January 2017

This looks at the chain of events which led to the government paying £711m in compensation to 34,000 pensioners who retired from the Police and Firefighters' Pension Schemes between 2001 and 2006 without receiving their full pension entitlement. These payments were made following the Pensions Ombudsman's finding of maladministration in the Government Actuary's Department's (GAD) handling of the administration of the factors that were used to convert annual pension entitlements to lump sum payments.

The NAO found that the Government was aware in 2006 that the commutation factors used to calculate police and firefighters' pension lump sums did not reflect the life expectancy of pensioners or the underlying trends across pension schemes. Due to the extent of the legal process in the case, some police and firefighters were retired for over 15 years before they received their full pension entitlement from government.

<https://www.nao.org.uk/report/investigation-into-police-and-firefighters-pension-scheme-commutation-factors/>

7. Mandatory Gender Pay Gap Reporting – Public Sector , Government Equalities Officer, January 2017

The Government have published the response to their consultation to introduce mandatory gender pay gap reporting to the public sector. The proposals would require public bodies to publish the difference between the average pay of male and female employees. Subject to parliamentary approval, the regulations should be in force before 31 March 2017.

The government's response can be found on the link below:

<https://www.gov.uk/government/consultations/closing-the-public-sector-pay-gap>

And the draft regulations:

<http://www.legislation.gov.uk/ukdsi/2017/9780111153277/contents>

Appendix 1 – Position statement of 2016/17 audits

Planned output	Expected completion date	Draft report issued to management	Final report issued to management	Final report presented to Audit Committee	Comments
2016/17 Audit Fee Letters (individual letters for Commissioner and Chief Constable).	April 2016	N/A	April 2016	N/A	~
Audit Committee Progress Report and Briefing (joint for both Commissioner and Chief Constable).	N/A	N/A	N/A	N/A	To each and every meeting.
2016/17 Audit Strategy Memorandum (individual plans for Commissioner and Chief Constable).	March 2017	March 2017	March 2017	21 March 2017	~
2016/17 Audit Completion Reports, incorporating the opinion on the financial statements and VFM Conclusion. Separate reports for Commissioner and Chief Constable.	September 2017				
2016/17 Annual Audit Letters. Separate letters for Commissioner and Chief Constable.	October 2017				

Contact details

Please let us know if you would like further information on any items in this report.

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