

# The Police and Crime Commissioner for Suffolk and the Chief Constable for Suffolk Constabulary

Year ending 31 March 2013

Annual Audit Letter

22 October 2013



Building a better  
working world

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Tim Passmore  
Police and Crime Commissioner  
Office of the Police and Crime Commissioner for Suffolk  
Martlesham Heath  
Ipswich  
Suffolk  
IP5 3QS

22 October 2013

Douglas Paxton  
Chief Constable for Suffolk Constabulary  
Police Headquarters  
Martlesham Heath  
Ipswich  
Suffolk  
IP5 3QS

Dear Tim and Douglas,

## **Annual Audit Letter**

The purpose of this Annual Audit Letter is to communicate to those charged with governance (the Police and Crime Commissioner (PCC) for Suffolk and the Chief Constable (CC) for Suffolk Constabulary) and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to their attention.

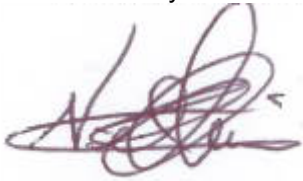
We have already reported the detailed findings from our audit work to those charged with governance in the following report:

2012/13 Audit results report for the PCC for Suffolk and the CC for Suffolk Constabulary Issued 13 September 2013

The matters reported here are the most significant for the PCC for Suffolk and the CC for Suffolk Constabulary.

I would like to take this opportunity to thank the officers of the PCC for Suffolk and the CC for Suffolk Constabulary for their assistance during the course of our work.

Yours sincerely



Neil A Harris  
For and behalf of Ernst & Young LLP  
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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

**Our Complaints Procedure** – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# 1. Executive summary

Our 2012/13 audit work has been undertaken in accordance with the Audit Plan discussed at 25 March 2013 Audit Committee and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The PCC for Suffolk and the CC for Suffolk Constabulary are responsible for preparing and publishing their Statement of Accounts, each accompanied by the Annual Governance Statement. In their Annual Governance Statements, the PCC for Suffolk and the CC for Suffolk Constabulary report publicly on an annual basis on the extent to which they comply with their own codes of corporate governance, including how they have monitored and evaluated the effectiveness of their respective governance arrangements in the year, and on any planned changes in the coming period. The PCC for Suffolk and the CC for Suffolk Constabulary are also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ reviewing the Annual Governance Statements;
- ▶ forming a conclusion on the arrangements that the PCC for Suffolk and the CC for Suffolk Constabulary have in place to secure economy, efficiency and effectiveness in their use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of the PCC for Suffolk and the CC for Suffolk Constabulary for the financial year ended 31 March 2013 in accordance with International Standards on Auditing (UK & Ireland)	On 30 September 2013 we issued an unqualified audit opinion in respect of the PCC for Suffolk and the CC for Suffolk Constabulary
Form a conclusion on the arrangements the PCC for Suffolk and the CC for Suffolk Constabulary have made for securing economy, efficiency and effectiveness in their use of resources.	On 30 September 2013 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance (the PCC for Suffolk and the CC for Suffolk Constabulary) for communicating significant findings resulting from our audit.	On 13 September 2013 we issued our report in respect of PCC for Suffolk and the CC for Suffolk Constabulary
Report to the National Audit Office on the accuracy of the consolidation pack the PCC for Suffolk and the CC for Suffolk Constabulary is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 30 September 2013.
Consider the completeness of disclosures in the PCC for Suffolk's and the CC for Suffolk Constabulary's respective Annual Governance Statements, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.	No issues to report.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	No issues to report.
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	No issues to report.

Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

On 30 September 2013 we issued our audit completion certificate.

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## 2. Key findings

### 2.1 Financial statement audit

We audited the Statement of Accounts of the PCC for Suffolk and the CC for Suffolk Constabulary in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on 30 September 2013.

In our view, the quality of the process for producing the accounts, including the supporting working papers was very good.

The main issues identified as part of our audit were:

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**Significant risk 1: Preparation of the financial statements for the PCC for Suffolk and for the CC for Suffolk Constabulary, including group accounting**

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- ▶ The statements, for the PCC for Suffolk and the CC for Suffolk Constabulary, comply with the proper practices contained in the International Financial Reporting Standards -based CIPFA Code of Practice.
  - ▶ Assets, liabilities, income and expenditure are correctly recognised in the PCC for Suffolk's financial statements.
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**Other financial statement risk 1: Risk of misstatement due to fraud and error**

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- ▶ We obtained reasonable assurance as to whether both sets of financial statements as a whole are free of material misstatements whether caused by error or fraud
  - ▶ We have completed testing as set out in our Audit Plan. We have no significant issues in respect of fraud or manipulation.
  - ▶ Management has included a disclosure note to reflect a material prior period adjustment to re-classify short term investments to the value of £3 million as cash and cash equivalents to bring the disclosure in line with the accounting policy. Management identified the restatement in advance of the audit. This amendment does not impact on the financial position of the PCC for Suffolk and the CC for Suffolk Constabulary.
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### 2.2 Value for money conclusion

We are required to carry out sufficient work to conclude on whether the PCC for Suffolk and the CC for Suffolk Constabulary have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission, We have considered the results of the following:

- ▶ our review of the Annual Governance Statements;
- ▶ the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities; and
- ▶ our locally determined risk-based work.

We issued an unqualified value for money conclusion on 30 September 2013 covering both the PCC for Suffolk and the CC for Suffolk Constabulary. We had identified one significant risk in respect of our audit planning. We also draw attention to the significant funding gap facing the CC for Suffolk Constabulary by 2017/18.



**Significant risk 1: Effectiveness of the new governance arrangements for the PCC for Suffolk and the CC for Suffolk Constabulary.**

- ▶ We concluded the governance arrangements for the PCC for Suffolk and the CC for Suffolk Constabulary are effective and comply with the requirements of the Home Office's Code of Financial Management.
- ▶ We are aware that the PCC for Suffolk has submitted the Stage Two transition plan to the Home Office for evaluation. The PCC for Suffolk plans to transfer police staff to the CC for Suffolk, with responsibilities for assets and liabilities yet to be determined. The PCC for Suffolk and the CC for Suffolk Constabulary should continue to work together to secure a successful transition.

**Key finding 1: Delivery of a sustainable medium term financial plan**

- ▶ The CC for Suffolk Constabulary continues to face a significant challenge to bridge the present funding gap, should there be no increase in precept, in the region of £11 million by 2017/18. As government intentions are unknown beyond 2014/15 the CC for Suffolk Constabulary needs to take long-term views in terms of precept and savings options to ensure saving plans are achievable.

**2.3 Objections received**

We have received no objections to the 2012/13 financial statements for the PCC for Suffolk and CC for Suffolk Constabulary from members of the public.

**2.4 Whole of government accounts**

We reported to the National Audit Office on 30 September 2013 the results of our work performed in relation the accuracy of the consolidation pack the PCC for Suffolk and CC for Suffolk Constabulary are required to prepare for the whole of government accounts. We did not identify any areas of concern.

**2.5 Annual governance statement**

We are required to consider the completeness of disclosures in the respective Annual Governance Statements for the PCC for Suffolk and CC for Suffolk Constabulary, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA / SOLACE guidance. We completed this work and did not identify any areas of concern.

**2.6 Audit fees**

Our March 2013 Audit Plan recorded planned fees in line with the Audit Commission's scale fee for the audit. The final audit fee reflects the scale fee.

	Proposed final fee 2012/13 £'000	Planned fee 2012/13 £'000	Scale fee 2012/13 £'000
Total Audit Fee – PCC for Suffolk Code work	47	47	47
Total Audit Fee – CC for Suffolk Code work	20	20	20
Non-audit work	0	0	-

### 3. Control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control we communicated to those charged with governance, as required, significant deficiencies in internal control.

The matters reported are shown below and are limited to those deficiencies that we identified during the audit and that we concluded are of sufficient importance to merit being reported.

Description	Impact
<ul style="list-style-type: none"> <li>▶ The PCC for Suffolk and CC for Suffolk Constabulary did not advertise the audit in accordance with Regulation 10 of the Accounts and Audit Regulations 2011 as they did not allow fourteen days notice of the public's rights to inspect the accounts.</li> <li>▶ The PCC for Suffolk's Chief Executive issued a Monitoring Officer report on 24 September 2013 on the omission in closing the financial statements concluding the audit had not been invalidated as no local government elector's rights have been prejudiced by the irregularity. We have reviewed the Chief Executive's report and not being aware that any local government elector's rights have been prejudiced we have decided not to reissue a new notice of audit letter and fresh appointment date.</li> <li>▶ We requested a specific representation from the PCC for Suffolk and CC for Suffolk that no person had requested to inspect the financial statements in our letter of representation to cover the period to 30 September 2013.</li> </ul>	<ul style="list-style-type: none"> <li>▶ For 2013/14 the PCC for Suffolk and CC for Suffolk Constabulary have agreed to establish procedures to ensure that the advertisement of the audit complies with the Accounts and Audit Regulations 2011.</li> </ul>

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