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Annual Audit Letter 2013/14

**Police and Crime Commissioner for
Nottinghamshire**

Chief Constable of Nottinghamshire

31 October 2014



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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.auditcommission.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Cornett, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 4448 330.

This report summarises the key findings from our 2013/14 audit of the Nottinghamshire Police and Crime Commissioner (PCC) and the Nottinghamshire Chief Constable (CC).

Although this letter is addressed to the Nottinghamshire Police and Crime Commissioner and the Nottinghamshire Chief Constable, it is also intended to communicate these issues to key external stakeholders, including members of the public.

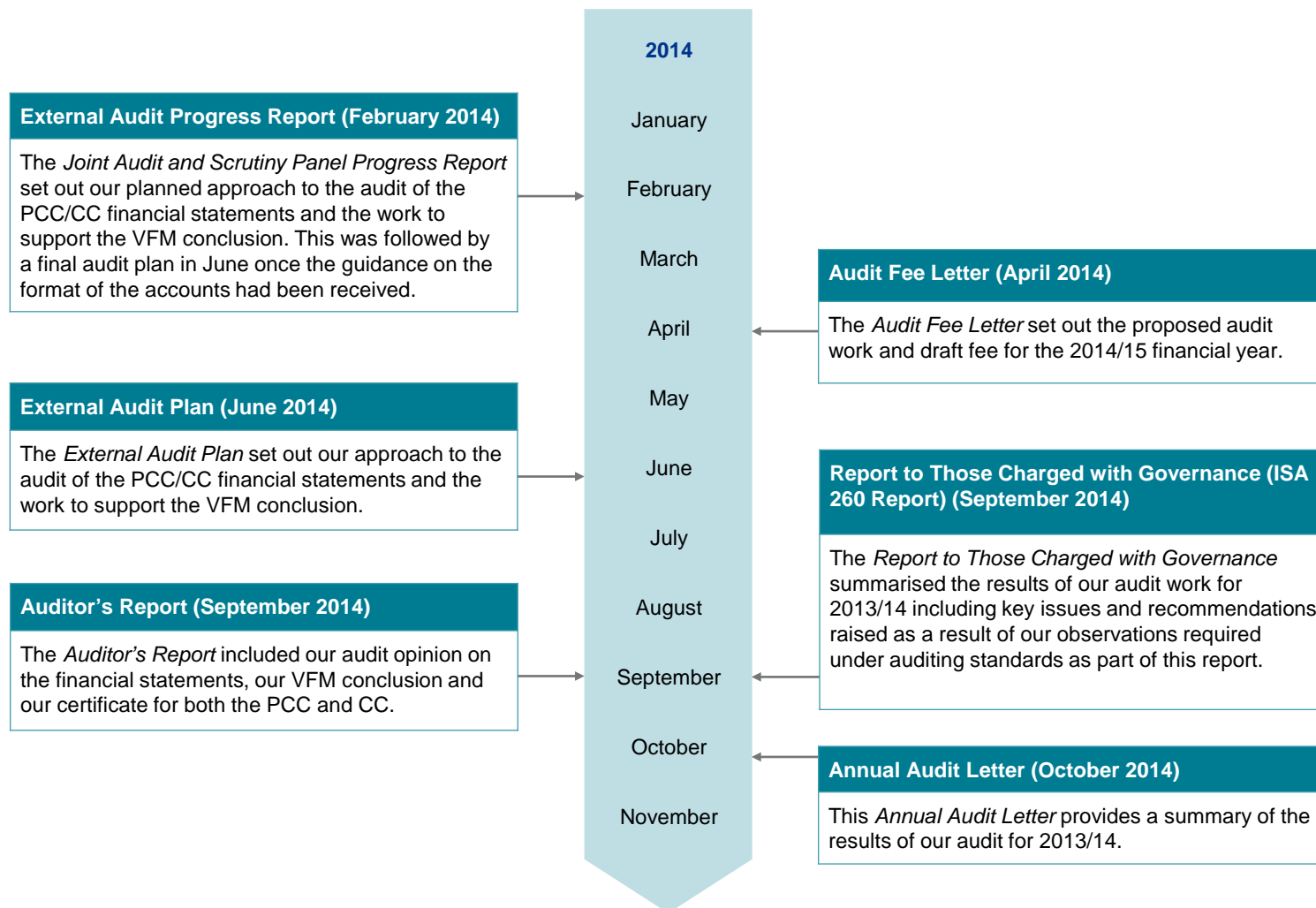
Our work covers the audit of the PCC and CC 2013/14 financial statements and the 2013/14 VFM conclusion.

VFM conclusion	<p>We issued an unqualified conclusion for the Police and Crime Commissioner's (PCC) and Chief Constables' (CC) arrangements to secure value for money (VFM conclusion) for 2013/14 on 30 September 2014. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
VFM risk areas	<p>Our planning work identified that Nottinghamshire Police had recently lost the employment tribunal brought against them and four other forces by the Police Superintendents Association of England and Wales. This challenged the legality of their decision to force nearly 100 officers with more than 30 years service to retire.</p> <p>The PCC is currently appealing the decision of the employment tribunal. The potential financial exposure should the appeal be unsuccessful will depend on the individual circumstances of the officers involved.</p> <p>The PCC's reserves strategy includes the current employment tribunals relating to A19 as one of the significant risks that have been considered, and that will be kept under review.</p> <p>The PCC is also considering an application to the Home Office for special grant, should the appeal not be upheld</p>
Audit opinion	<p>We issued an unqualified opinion on the financial statements of the PCC (which incorporated the financial statements of the CC), and the separate financial statements of the Chief Constable on 30 September 2014. This means that we believe that both sets of financial statements give a true and fair view of the financial position of the respective bodies and of their expenditure and income for the year.</p>
Financial statements audit	<p>We identified three audit risks affecting the Authority's 2013/14 financial statements:</p> <ul style="list-style-type: none"> ■ A three-yearly valuation of the local government pension scheme by the scheme's actuary; ■ Late issue of guidance on the form and content of the 2013/14 accounts; and ■ The impact of the decision of the employment tribunal mentioned above. <p>In all cases the PCC/CC addressed the issues appropriately.</p> <p>We did not identify any material misstatements. The PCC/CC made a small number of non-trivial adjustments to the financial statements, most of which were of a presentational nature. There was no impact on the General Fund.</p> <p>We made one recommendation in our <i>Report to Those Charged with Governance</i> that was neither fundamental nor material to your system of internal control.</p>

All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Annual Governance Statement	We reviewed your <i>Annual Governance Statements</i> and concluded that they were both consistent with our understanding of arrangements put in place by both the PCC and CC.
Whole of Government Accounts	We reviewed the consolidation pack which the PCC prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that pension liabilities and property, plant & equipment disclosed in the consolidation pack were consistent with the audited statutory accounts.
Certificate	We issued our certificate on 30 September 2014 for both the PCC and the CC. The certificates confirm that we have concluded the audits for 2013/14 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
Audit fee	Our scale audit fee for 2013/14 is £66,960 excluding VAT. We are discussing with the Chief Finance Officer a possible additional fee for additional work undertaken in delivering the Opinion and the Value for Money conclusion. Any such additional fee will be subject to final confirmation by the Audit Commission. Further detail is contained in Appendix 2.

This appendix summarises the reports we have issued since our last *Annual Audit Letter*.



This appendix provides information on our final fees for 2013/14.

To ensure openness between KPMG and your Joint Audit and Scrutiny Panel about the extent of our fee relationship with you, we have summarised the outturn against the 2013/14 planned audit fee.

External audit

Our scale audit fee for 2013/14 is £66,960 excluding VAT. We are discussing with the Chief Finance Officer a possible additional fee for additional work undertaken in delivering the Opinion and the Value for Money conclusion.

Any such additional fee will be subject to final confirmation by the Audit Commission

Non-audit work

We facilitated a workshop for members of the Joint Audit and Scrutiny Panel, for members to better understand the role of the panel, identify what they do well/where can they improve/develop, identify best practice and agree an action plan for the next 12 months.

Our fee for the workshop was £5,000 excluding VAT.

We did not undertake any other non-Code work for the PCC/CC in 2013/14.



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