

For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	12th December 2013
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
E-mail:	
Other Contacts:	John Cornett
Agenda Item:	10

EXTERNAL AUDIT ANNUAL AUDIT LETTER

1. Purpose of the Report

- 1.1 To provide members with a copy of the Annual Audit Letter - the final stage in the Statement of Accounts 2012-13 process.

2. Recommendations

- 2.1 Members are requested to consider and forward to the PCC and CC for approval.

3. Reasons for Recommendations

- 3.1 This complies with good governance and in ensuring assurance can be obtained from the work carried out.

4. Summary of Key Points

- 4.1 The Annual Audit Letter is attached at **Appendix A** this is the final part of compliance with the Accounts and Audit Regulations for closure of the 2012-13 accounts.
- 4.2 The Letter itself is not dissimilar to the External Highlight report presented to this panel at the September meeting.

5. Financial Implications and Budget Provision

- 5.1 None as a direct result of this report.

6. Human Resources Implications

- 6.1 None as a direct result of this report.

7. Equality Implications

- 7.1 None as a direct result of this report.

8. Risk Management

8.1 None as a direct result of this report.

9. Policy Implications and links to the Police and Crime Plan Priorities

9.1 This report complies with good governance and financial regulations.

10. Changes in Legislation or other Legal Considerations

10.1 None – this complies with the Accounts & Audit Regulations.

11. Details of outcome of consultation

11.1 Not applicable

12. Appendices

12.1 Appendix A - External Audit – Annual Audit Letter.

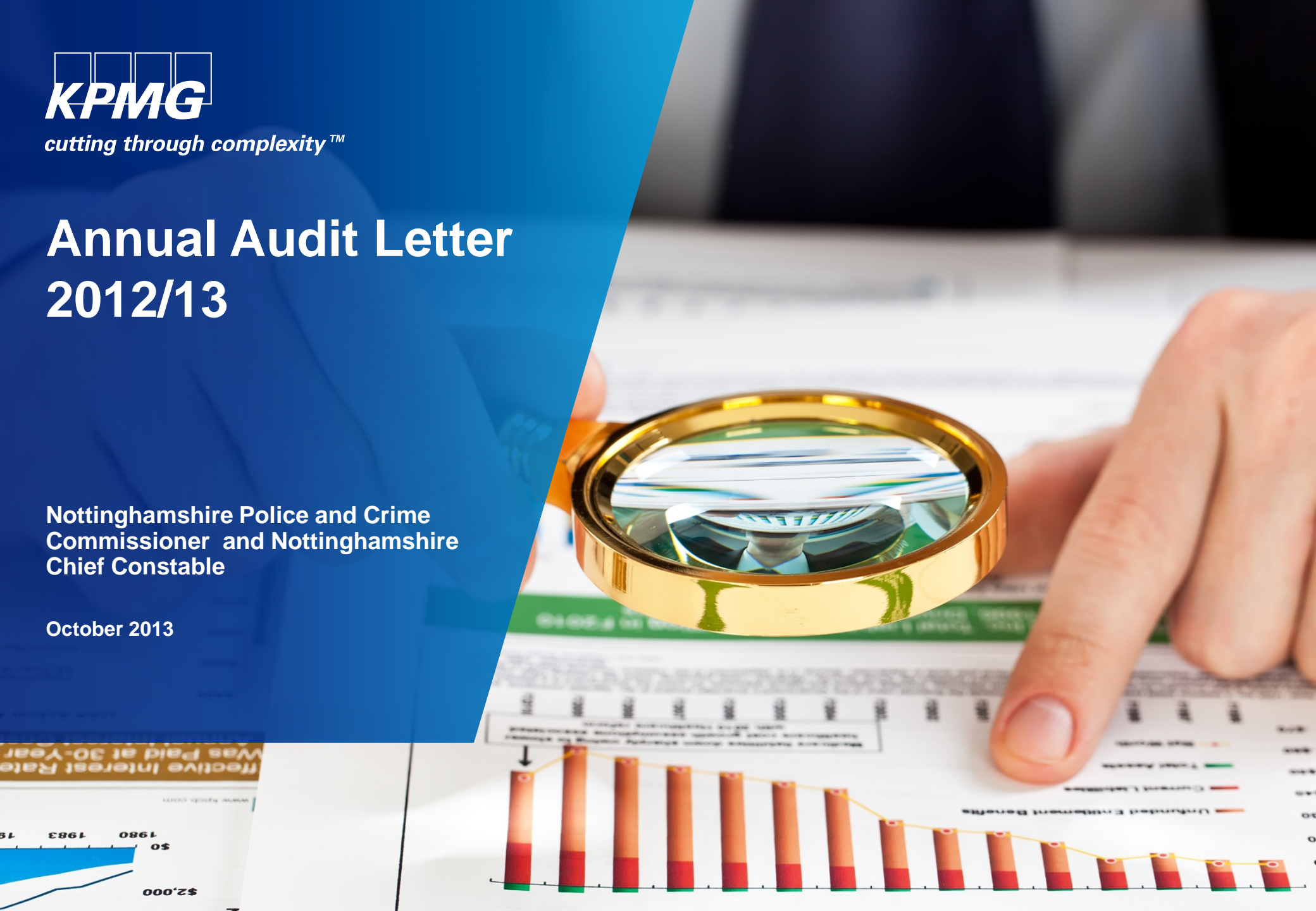


cutting through complexity™

Annual Audit Letter 2012/13

Nottinghamshire Police and Crime
Commissioner and Nottinghamshire
Chief Constable

October 2013



The contacts at KPMG in connection with this report are:

John Cornett *Director*

Tel: 0116 256 6064
john.cornett@kpmg.co.uk

Adrian Benselin *Manager*

Tel: 0116 256 6089
adrian.benselin@kpmg.co.uk

Anita Pipes *Assistant Manager*

Tel: 0115 945 4481
anita.pipes@kpmg.co.uk

Report sections

- Headlines

Appendices

1. Summary of reports issued
2. Audit fees

Page

2

4

5

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, 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 03034448330.

This report summarises the key findings from our 2012/13 audit for 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.

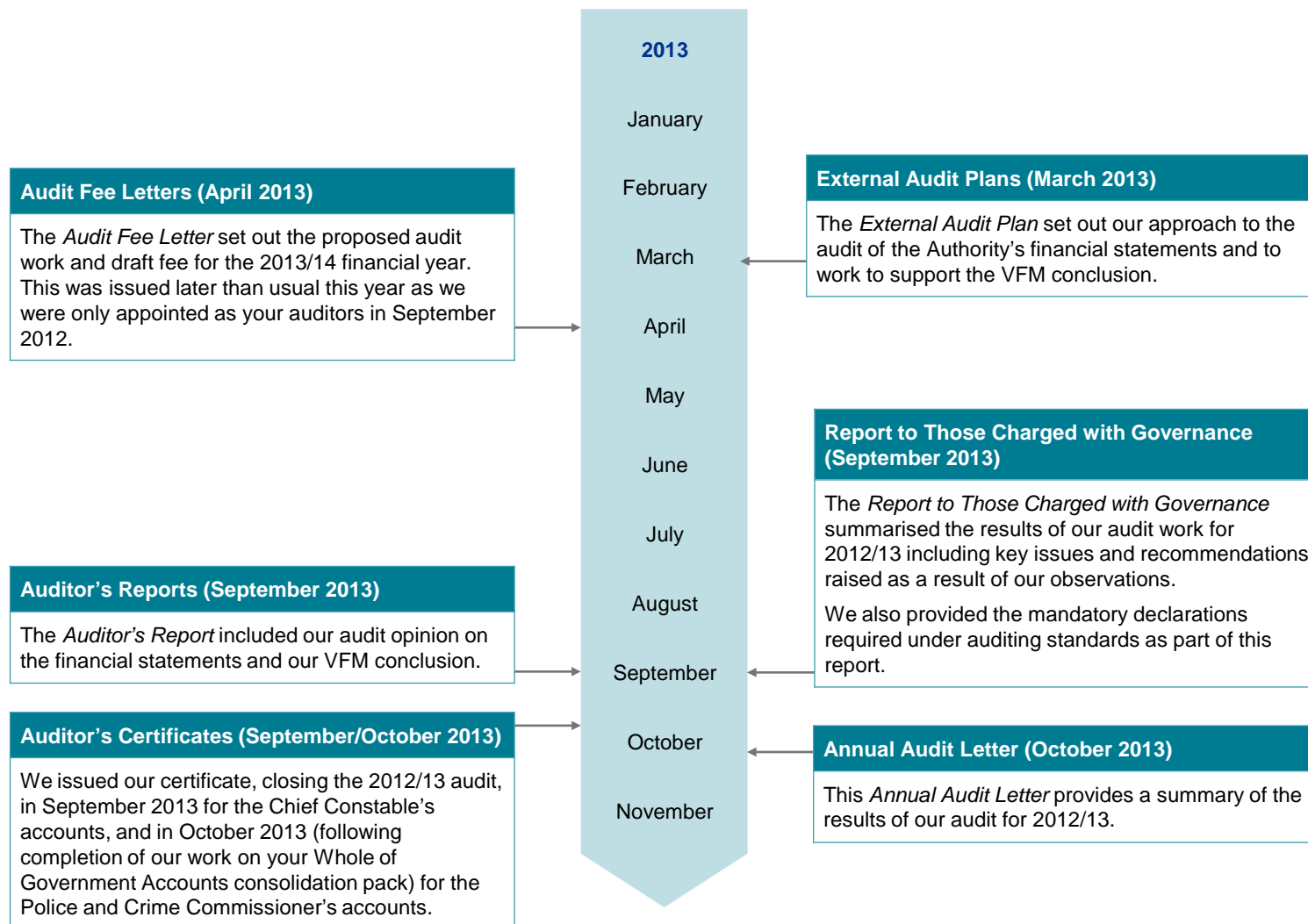
This report relates to the findings arising from our audit of the 2012/13 financial statements and the 2012/13 VFM conclusion for both the PCC and CC.

VFM conclusion	<p>We issued an unqualified value for money (VFM) conclusion for 2012/13 for both the PCC and the CC on 27 September 2013. Our VFM conclusion work was limited in scope by the Audit Commission to:</p> <ul style="list-style-type: none"> ■ reviewing the annual governance statement; and ■ reviewing the results of the work of other relevant regulatory bodies or inspectorates, to consider whether there was any impact on our responsibilities. <p>We concluded that there were no matters to report.</p>
Audit opinion	<p>We issued an unqualified opinion on the financial statements of the PCC (which incorporated the accounts of the CC), and the separate financial statements of the Chief Constable, on 27 September 2013. This means that we believe that both sets of financial statements give a true and fair view of the financial position of the respective body and of their expenditure and income for the year.</p>
Financial statements audit	<p>As a result of our audit, two amendments were made to the Police and Crime Commissioner's accounts. Neither issue was deemed to be significant in terms of materiality or to users' understanding of the financial statements.</p> <p>We did not identify any other audit differences that required adjustment to the draft accounts.</p> <p>We made one recommendation in our <i>Report to Those Charged with Governance</i> that was not fundamental or 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	<p>We reviewed your <i>Annual Governance Statements (AGS)</i> and concluded that they were consistent with our understanding of arrangements put in place by both the PCC and the CC.</p> <p>You should consider including in future AGS a reference to the 'CIPFA Statement on the role of the Chief Financial Officer of the Police and Crime Commissioner/the Chief Finance Officer of the Chief Constable' as appropriate.</p>
Whole of Government Accounts	<p>We reviewed the consolidation pack which the Police and Crime Commissioner prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the consolidation pack was consistent with the audited financial statements.</p>
Certificates	<p>We issued our certificate on 27 September 2013 (for the accounts of the CC) and on 4 October 2013 (for the accounts of the PCC).</p> <p>The certificates confirm that we have concluded the audits for 2012/13 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i>.</p>
Audit fees	<p>The total audit fee for the two bodies for 2012/13 was £72,000, excluding VAT. This is the same as the planned fees that we communicated to you in February 2013. Further detail is contained in Appendix 2.</p>

This appendix summarises the reports that KPMG have issued since the Audit Commission's 2011/12 *Annual Audit Letter*.



This appendix provides information on our final fees for 2012/13.

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 2012/13 planned audit fees.

External audit

Our final fees for the 2012/13 audit were as follows:

Police and Crime Commissioner	£52,000
-------------------------------	---------

Chief Constable	£20,000
-----------------	---------

Total fees	£72,000
-------------------	----------------

This compares with a fee of £92,000 for the 2011/12 audit of the Nottinghamshire Police Authority and represents a total fee reduction of 22 percent compared to 2011/12.

The fees incorporate the reductions that the Audit Commission has been able to implement following the market testing of audit services, but also include an increase to reflect the additional work involved in the audit of the two separate sets of accounts of the Police and Crime Commissioner and the Chief Constable.

The final fees are the same as our planned fees that we communicated to you in February 2013.



cutting through complexity™

© 2013 KPMG LLP, a UK public limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).