



# The Annual Audit Letter for the Police and Crime Commissioner for Lancashire and the Chief Constable for Lancashire Constabulary

**Year ended 31 March 2014**

October 2014

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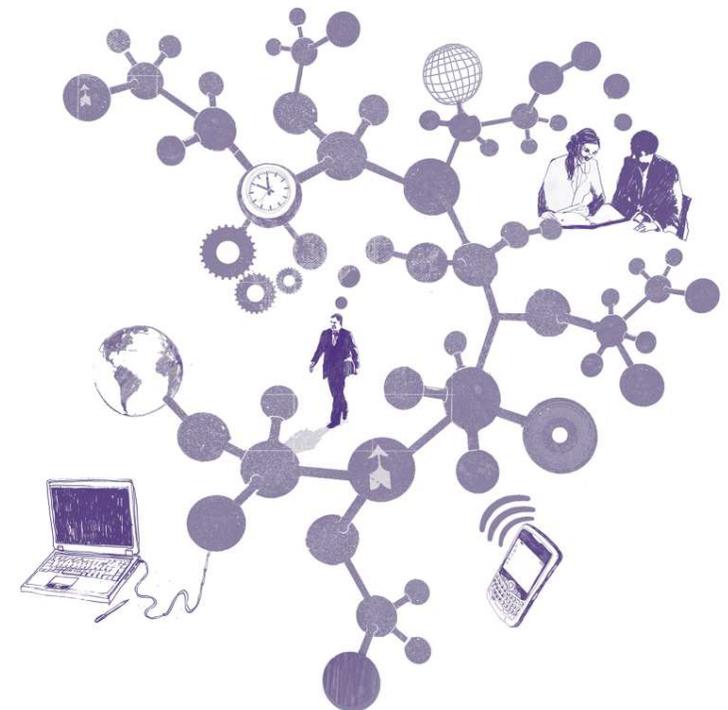
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# Key messages

## Purpose of this letter

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out for the Police and Crime Commissioner ("PCC") for Lancashire and the Chief Constable for Lancashire Constabulary ("Chief Constable") for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the PCC, Chief Constable and external stakeholders, including members of the public

## Responsibilities of the external auditors, the PCC and the Chief Constable

This Letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission ([www.auditcommission.gov.uk](http://www.auditcommission.gov.uk)).

The PCC and Chief Constable are each responsible for preparing and publishing their own accounts, with each set of accounts accompanied by a separate Annual Governance Statement. They are also each responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources (Value for Money) in their respective organisations.

Our annual work programme for each body, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the joint Audit Plan that we issued on 16 June 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice ('the Code'), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

# Key messages

## Audit Conclusions

### **Financial statements audit (including audit opinion)**

We reported our findings arising from the audit of the financial statements in our joint Audit Findings Report on 15 September 2014 to the Combined Audit Committee and on the 30 September 2014 to the Police and Crime Commissioner and the Chief Constable as 'Those Charged with Governance'. The key messages reported were:

- one adjustment was made to both the PCC's and Chief Constable's financial statements which did not affect reported financial performance. The change related to a presentational alteration as to where the PCC funding of the Chief Constable was shown in the Comprehensive Income and Expenditure Statement (CIES) and was based on new Audit Commission guidance.
- one adjustment was made to the PCC's financial statements which did not affect reported financial performance. This related to amending both debtors and creditors in the balance sheet in respect of Council Tax income to reflect the latest guidance.
- a number of other adjustments, relating to reclassifications and disclosure changes were made to both sets of accounts but did not alter the reported financial performance.
- both sets of accounts were generally of a good standard and supported by working papers. There is some scope to improve quality assurance arrangements to minimise the number of consistency errors in the draft accounts.

We issued unqualified opinions on the PCC's 2013/14 financial statements on the 30 September 2014 and on the Chief Constable's 2013/14 financial statements on 30 September 2014, meeting the statutory deadline. Our opinions confirm that the financial statements for each organisation give a true and fair view of the PCC and Chief Constable's financial positions and of the income and expenditure recorded by the PCC and Chief Constable, respectively.

## Key messages (Cont'd)

<p><b>Value for Money (VfM) conclusion</b></p>	<p>We issued unqualified VfM conclusions for the PCC for 2013/14 on 30 September 2014 and for the Chief Constable for 2013/14 on 30 September 2014.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the PCC and the Chief Constable have each put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources for the year ending 31 March 2014.</p> <p>The PCC has continued to maintain sound financial systems and effective financial planning mechanisms during 2013/14. Consultation has taken place with the public and partners on spending priorities and these are clearly reflected in plans. Significant financial challenges lay ahead following the most recent Comprehensive Spending Review (CSR). The medium term financial plan has appropriate reserves included to build resilience against short term financial challenges whilst supporting future invest to save opportunities. The PCC has put in place a Police and Crime Plan that is underpinned by clear priorities which are supported by clear financial and operational plans for delivery. The plans have been agreed with the Chief Constable and arrangements put in place for ensuring strong scrutiny, challenge and monitoring of delivery. The PCC and CC have committed to deliver savings to meet the current financial gap and the 'Futures group' is charged with developing service proposals to meet the longer term challenges.</p> <p>The Constabulary has delivered against challenging financial savings plans since the CSR in 2010. Savings of £80 million will be required over the period 2011/12 – 2017/18 of which £61 million have already been achieved. Whilst £19 million of savings still need to be identified, plans are in place for these savings to be achieved albeit against a background of some degree of uncertainty about further future financial challenges. The Constabulary was recently reviewed by HMIC as part of the Valuing the Police 4 review programme and received a judgement of 'Outstanding' with regard to its response to the financial austerity agenda. The Constabulary managed the transition to the new arrangements in a programmed and co-ordinated manner. There is positive engagement with the PCC regarding priorities and the underpinning finances needed to deliver them. The 'Sustaining Excellence ' programme has been re-evaluated and developed into a broader review programme the ' Futures Programme'. Whilst this re-branding retains the same ambition for the Constabulary to be the ' best performing in the country' it will do this with a different emphasis on public engagement, staff involvement and buy-in, and greater partnership and collaboration working for the future.</p>
<p><b>Whole of Government Accounts</b></p>	<p>We reviewed the consolidation pack which the PCC and Chief Constable prepared to support the production of Whole of Government Accounts. We reported that the pack prepared was consistent with the audited financial statements.</p>

# Appendix B: Reports issued and fees

We confirm below the fee charged for both audits and there were no fees for the provision of non audit services.

## Fees

	Per Audit plan £	Actual fees £
Audit Fee – PCC	42,890	42,890
Audit Fee – Chief Constable	25,000	25,000
<b>Total fees</b>	<b>67,890</b>	<b>67,890</b>

## Fees for other services

Service	Fees £
None	Nil

## Reports issued

Report	Date issued
Joint Audit Plan	June 2014
Joint Audit Findings Report	September 2014
Joint Annual Audit Letter	October 2014



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