

Annual Audit Letter

Year end 31 March 2014

Thames Valley Police – Office of the Police and Crime
Commissioner and the Chief Constable

20 October 2014

Ernst & Young LLP



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working world



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20 October 2014

Sara Thornton
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Thames Valley Police
Police Headquarters
Kidlington
Oxfordshire
OX5 2NX

Dear Anthony and Sara,

Annual Audit Letter

The purpose of this Annual Audit Letter is to communicate to Those Charged with Governance of Thames Valley Police (The Police and Crime Commissioner and the Chief Constable) 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 of Thames Valley Police in our audit results report issued on 16 September 2014.

The matters reported here are the most significant for Thames Valley Police.

I would like to take this opportunity to thank the officers of both the Office of the Police and Crime Commissioner and the Chief Constable for their assistance during the course of our work.

Yours sincerely,

Maria Grindley
Director
For and behalf of Ernst & Young LLP
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1. Executive summary

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan we issued on 17 March 2014 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 Police and Crime Commissioner (PCC) and Chief Constable (CC) are responsible for preparing and publishing their Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the PCC and CC report publicly on an annual basis on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The PCC and CC 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 Statement;
- ▶ Forming a conclusion on the arrangements that the PCC and CC have put in place to secure economy, efficiency and effectiveness in its 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 Thames Valley Police for the financial year ended 31 March 2014 in accordance with International Standards on Auditing (UK and Ireland).	On 16 September 2014 we issued unqualified audit opinions in respect of both the PCC and CC.
Form a conclusion on the arrangements the PCC and CC have made for securing economy, efficiency and effectiveness in its use of resources.	On 16 September 2014 we issued unqualified value for money conclusions for the PCC and CC.
Issue a report to those charged with governance of Thames Valley Police (PCC and CC) communicating significant findings resulting from our audit.	On 16 September 2014 we issued one report in respect of the PCC and CC.
Report to the National Audit Office on the accuracy of the consolidation pack the PCC and CC is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 16 September 2014.
Consider the completeness of disclosures in the Thames Valley Police Annual Governance Statement, 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 16 September 2014 we issued our audit completion certificate.

2. Key findings

2.1 Financial statement audit

We audited the PCC and CC Statement of Accounts 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 16 September 2014.

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

The main issues identified as part of our audit were:

Significant risk 1: Interpretation of the LAAP Bulletin

- ▶ From the audit procedures performed assurance was gained over the application of the LAAP Bulletin.
 - ▶ Further assurance was also obtained from the subsequent clarification points issued by the Audit Commission and the application of these by the PCC and CC.
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Significant risk 2: Risk of management override

- ▶ Our general audit work on journals, accounting estimates and significant unusual transactions identified no matters that we need to bring to the attention of the PCC and CC.
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We identified errors in relation to the treatment of revaluations in respect of componentised assets. This required additional work to ensure that all of the amendments were correctly made.

2.2 Value for money conclusion

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

In accordance with guidance issued by the Audit Commission, in 2013/14 our conclusion was based on two criteria:

- ▶ The organisation has proper arrangements in place for securing financial resilience; and
- ▶ The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We issued unqualified value for money conclusions on 16 September 2014. Our audit did not identify any significant matters.

Other risk: Delivery of a sustainable medium term financial plan

We found that the PCC and CC achieved an under-spend against budget and have set a balanced budget for 2014/15. The PCC and CC through the medium term financial plan are aware of future budget pressures and completing detailed forward planning to identify all possible efficiency savings.

2.3 Objections received

We received no objections to the 2013/2014 accounts from members of the public.

2.4 Whole of government accounts

We reported to the National Audit office on 16 September 2014 the results of our work performed in relation the accuracy of the consolidation pack the PCC and CC 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 Annual Governance Statement, 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.

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 at Thames Valley Police, as required, significant deficiencies in internal control.

We completed this work and did not identify any areas of concern.

4. Audit Fee

A breakdown of our agreed fee is shown below.

	Proposed Final Fee 2013-14	Scale Fee 2013-14	Explanation of variance
	£	£	
Total Audit Fee PCC – Code work	56,068	54,050	2,018*
Total Audit Fee CC – Code work	25,000	25,000	
Non-audit work (provide details)	0	0	

* Extra fee for additional work in relation to errors identified in testing of revaluation of Property, Plant and Equipment

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