

Annual Audit Letter

Leicestershire Police Authority

Audit 2007/08

November 2008



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Summary

Key messages

- The Authority and Force continue to perform well in the preparation and publication of its annual financial statements and I issued an unqualified opinion on the 2007/08 accounts on 19 September 2008.
- The Authority has proper arrangements in place to secure economy, efficiency and effectiveness (value for money) in the use of its resources.
- I have scored the Authority and Force at level three (performing well) in my annual use of resources evaluation.

Purpose, responsibilities and scope

- 1 This Annual Audit Letter (letter) provides an overall summary of the Audit Commission's assessment of the Authority, based on audit work performed in relation to the accounting period ending 31 March 2008. Where relevant this work has included assessment of the arrangements in place in the police force, as well as the Authority.
- 2 I have addressed this letter to members as it is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money.
- 3 This letter also communicates the significant issues to key external stakeholders, including members of the public. I will publish this letter on the Audit Commission website at www.audit-commission.gov.uk.
- 4 I have prepared this letter as required by the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available from www.audit-commission.gov.uk.
- 5 As your appointed auditor I am responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, I am required to review and report on:
 - the Authority's accounts;
 - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - how well the Authority has managed its resources (the Police Use of Resources scores).
- 6 I have listed the reports issued to the Authority relating to the 2007/08 audit at the end of this letter.

Audit of the accounts

- 7 I issued an unqualified opinion on the Authority's accounts on 19 September 2008.
- 8 The Authority has continued to prepare its accounts in a timely manner and to a good overall standard. The accounts were again supported by good quality working papers and finance staff were accessible and supportive throughout the audit.
- 9 I did not identify any significant weaknesses or errors although some minor amendments were required to disclosure notes in the financial statements.
- 10 Before giving my opinion I reported to the Audit Committee on the issues arising from the 2007/08 audit.

Whole of Government accounts

- 11 Central government embarked on a programme leading to the preparation of consolidated accounts for the 'whole of government', including local government. The Authority is required to submit a 'consolidation pack' to Communities and Local Government and I am required, as your auditor, to undertake a range of procedures and report on the pack.
- 12 I issued an unqualified opinion on the WGA consolidation pack on 24 September 2008.

Use of resources

13 I am required to:

- conclude whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion; and
- assess how well the Authority and Force manage and use financial resources by providing scored judgements on the arrangements on five specific themes. This is known as the Police Use of Resources Evaluation (PURE).

Value for Money conclusion

14 I have concluded that the Authority did have proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources.

Police Use of Resources scores

15 I assessed the Authority's arrangements on five themes and scored each theme from 1 to 4 (1 = inadequate performance, 2 = adequate performance, 3 = performing well and 4 = performing strongly). A detailed report supporting the assessment and highlighting areas for improvement was issued to the Authority in October 2008.

Table 1 Police Use of Resources scores

Theme	2007/08 Assessment	2006/07 Assessment
Financial reporting	3 out of 4	3 out of 4
Financial management	3 out of 4	3 out of 4
Financial standing	3 out of 4	3 out of 4
Internal control	3 out of 4	2 out of 4
Value for money	3 out of 4	3 out of 4
<i>Overall assessment of the Audit Commission</i>	3 out of 4	3 out of 4

(Note: 1 = lowest, 4 = highest)

Use of resources

- 16 The key issues arising from the audit, as reflected in the above judgements where appropriate, are as follows.
- The Authority and force continue to perform well in the preparation and publication of the annual financial statements.
 - Financial management remains effective.
 - Arrangements for managing the Authority's financial standing remain sound. The Secretary of State's decision to limit precept increases for 2009/10 and 2010/11 to 3 per cent can be accommodated within existing reserves although additional savings may be required in the future.
 - Systems for internal control, including risk management arrangements, have been strengthened resulting in an improved score for this theme.
 - The Authority and force approach to managing and improving value for money remains rigorous and effective.
- 17 An action plan identifying areas for further improvement has been discussed and agreed with officers.
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National Fraud Initiative

- 18 The National Fraud Initiative is a data matching exercise that compares sets of data to identify inconsistencies or other circumstances that might indicate fraud or error. It also helps auditors to assess the arrangements that audited bodies have put in place to deal with fraud.
- 19 The referrals from the latest exercise were released to participating bodies in January 2007. Following review of the referrals an officer was suspended by the constabulary on 14 November 2007 whilst the case was investigated by the Department for Work and Pensions. The officer is due to appear at Leicester Magistrates' Court in December and will remain suspended pending the result of the court case.

Closing remarks

- 20 We have discussed and agreed this letter with the Treasurer, Force Finance Director and Deputy Chief Constable. We will present the letter at the Finance and General Purposes Committee on 9 December 2008 and we will provide copies to all Authority members.
- 21 Further detailed findings, conclusions and recommendations on the areas covered by audit work are included in the reports issued to the Authority during the year.

Table 2 Reports issued

Report	Date of issue
Audit plan	April 2007
Opinion Audit Plan	November 2007
Report to those charged with governance	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Final accounts report	October 2008
Police use of resources (PURE)	October 2008
Annual audit letter	November 2008

- 22 The Authority and Force have taken a positive and constructive approach to the audit. I wish to thank officers for their support and cooperation during the audit.

Neil Bellamy
District Auditor
November 2008

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

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