

Office of the Police & Crime Commissioner for Hampshire and the Chief Constable of Hampshire Constabulary

Progress Report to the Joint Audit Committee

30 June 2014





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Joint Audit Committee
Office of the Police and Crime Commissioner
for Hampshire
St George's Chambers
St George's Street
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30 June 2014

Audit Progress Report - 2013/14

We are pleased to attach our Audit Progress Report.

This report summarises the work we have undertaken to date and our plans for the remainder of the 2013/14 year. Its purpose is to provide the Joint Audit Committee with an overview of the stage we have reached in the 2013/14 audit and ensure our audit is aligned with the Committee's service expectations.

Our audits are undertaken in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Audit Commission Standing Guidance, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audits.

Yours faithfully

Helen Thompson
Ernst & Young LLP
United Kingdom
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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This report is prepared in the context of the Statement of Responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Work completed

Financial Statements

We are required to give an audit opinion on whether the financial statements of The Office of the Police & Crime Commissioner for Hampshire (the PCC) and The Office of the Chief Constable for Hampshire Constabulary (the CC) give a true and fair view of the financial position as at 31 March 2014 and of the income and expenditure for the year then ended.

We recognise the manner in which these two bodies are inter-linked and operate based on the governance documents and scheme of consents that have been adopted. Therefore, whilst each is a separate audit engagement, this update recognises the programme of work required has much in common.

We adopt a risk based approach to the audit and as part of our ongoing continuous planning we continue to meet key officers and other stakeholders:

Planning visit

We have completed planning procedures required by both our audit approach and international standards on auditing. This includes substantial completion of our work to document and walkthrough the PCC's and CC's material systems. Where possible we started early substantive procedures to reduce the level of work at year end.

Post statements visit

We have agreed dates for our audit visit, and have had early discussions on the working papers required.

We will also review and report to the National Audit Office, to the extent and in the form required by them, on your whole of government accounts return.

Our assessment of the risks impacting on the audit of the financial statements for the PCC and CC is set out in our 2013/14 Audit Plan presented to today's meeting of the Joint Audit Committee. The Plan has been discussed and agreed with the Chief Financial Officers for the PCC and CC.

Value for money assessment

We are required to give a statutory conclusion on the PCC's and CC's arrangements to secure economy, efficiency and effectiveness. The Audit Commission has reapplied the two specified criteria for the value for money conclusion for the 2013/14 audit. Our work will therefore focus on:

- ▶ arrangements for securing financial resilience - whether the PCC and CC have robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- ▶ arrangements for securing economy, efficiency and effectiveness - whether the PCC and CC are prioritising resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We have included our assessment of the risks impacting on the 2013/14 value for money conclusion in our Audit Plan presented to the Joint Audit Committee today.

Other issues of interest

In addition to our formal reporting and deliverables we provide practical business insights and updates on regulatory matters through our Sector Briefings. The most recent Briefing was provided to the March meeting of the Joint Audit Committee. However, we would like to draw your attention to our new initiative to provide a forum for police sector matters to be considered in more depth.

EY Police Reference Group

EY held its second Police Reference Group on 29 April 2014. Attendees included: CFOs/Head of Finance/Chief Accountant representatives from PCCs and CCs audited by EY; EY Audit Directors and Managers.

The meeting focused on the implications arising from the CIPFA LAAP98(A) bulletin and the impact for CFOs and finance teams in preparing PCC and CC financial statements for the 2013/14 and 2014/15 financial years. This reflects both before and after stage 2 transfers.

Following the meeting EY has prepared a grid setting out accounts issues, questions and the firm's point of view. We have shared this with the Audit Commission to seek a consistent view amongst all the firms on the format of accounts, especially those for the CC, in 2013/14. We will also discuss these with the Finance Manager – Statutory Accounts during the early stage of our audit.

We intend to hold another Reference Group meeting during in September 2014.

Timetable

We set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we will provide to you through the 2013/14 Joint Audit Committee cycle. We will provide formal reports to the Joint Audit Committee throughout our audit process as outlined below.

Audit phase	EY Timetable	Deliverable	Associated Joint Audit Committee	Status
High level planning	Ongoing	Audit Fee Letter	March 2013	Completed - reported to the March 2013 Joint Audit Committee
Risk assessment and setting of scope of audit	Feb – March 2014	Audit Plan	June 2014	Completed – reported to the June 2014 Joint Audit Committee
Testing of routine processes and controls	Feb – March 2014	Audit Plan	June 2014	Completed – reported to the June 2014 Joint Audit Committee
Year-end audit	July - September 2014	Audit results report to those charged with governance Audit report (including our opinion on the financial statements and a conclusion as to whether the PCC and CC have put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources) Whole of Government Accounts Submission to NAO based on their group audit instructions Audit Completion certificate	September 2014	Work is planned to start on 23 June 2014.
Annual Reporting	October 2014	Annual Audit Letter	December 2014	

EY | Assurance | Tax | Transactions | Advisory

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