

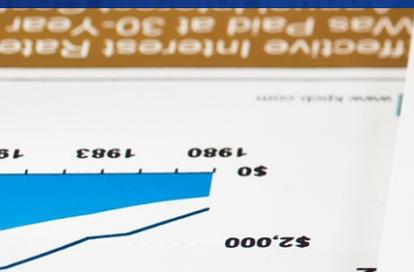


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Annual Audit Letter 2012/13

South Yorkshire Police and Crime
Commissioner
South Yorkshire Chief Constable

October 2013



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This report is addressed to the South Yorkshire PCC and CC and has been prepared for the sole use of both the South Yorkshire PCC and CC. 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.gsi.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 Prentice, the appointed engagement lead to the PCC and CC, 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 0303 444 8330.

This report summarises the key findings from our 2012/13 audits of the South Yorkshire Police and Crime Commissioner (PCC) and the South Yorkshire Police Chief Constable (CC).

Although the PCC and CC represent separate entities that have separate audits, we have produced a joint Annual Audit Letter because the main messages are similar in this first year of their existence.

This letter is addressed to the PCC and the CC but is also intended to communicate the main issues to key external stakeholders, including members of the public.

Our audits cover the audit of the PCC's and the CC's 2012/13 financial statements and the 2012/13 VFM conclusions.

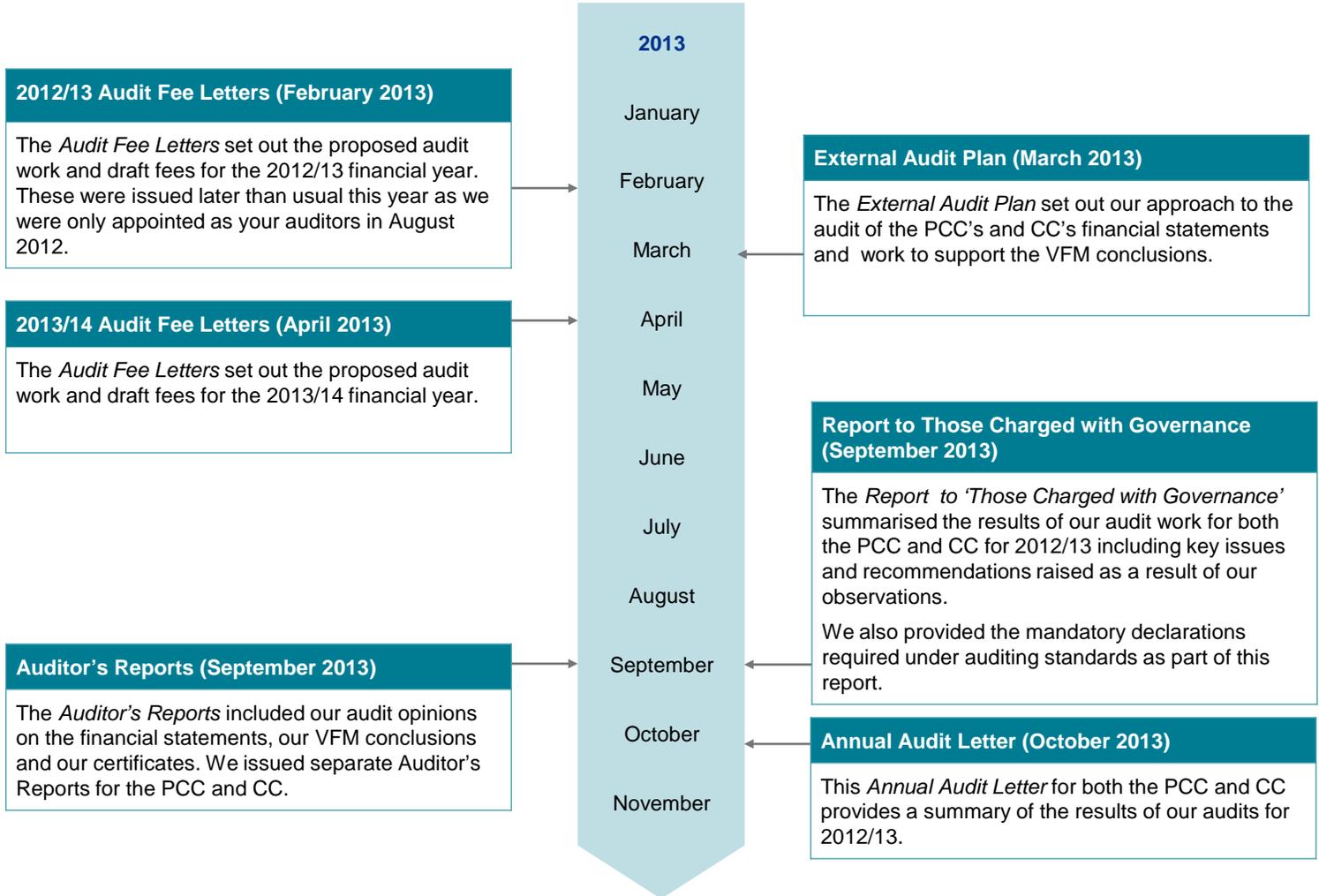
VFM conclusions	<p>We issued unqualified value for money (VFM) conclusions for 2012/13 on 30 September 2013.</p> <p>This means we are satisfied that the Police and Crime Commissioner (PCC) and the Chief Constable (CC) have proper arrangements for securing financial resilience and challenging how they secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at aspects of financial governance, financial planning and financial control processes, as well as how the PCC and CC are prioritising resources and improving efficiency and productivity. We also considered the PCC's and CC's own risk assessment processes and work undertaken by Her Majesty's Inspectorate of Constabulary (HMIC).</p>
VFM risk areas	<p>In the planning stage of our audits we identified three potential risks to our VFM conclusions and we have considered the arrangements you have put in place to mitigate these.</p> <ul style="list-style-type: none"> ■ The challenge of current and future budget cuts while meeting priorities: The savings required in the current CSR period are £49.3 Million; £26.1 Million of which have already been made. You are confident that you are on target to deliver the remaining savings required by 2014/15. HMIC's 'Valuing the Police 3' report assessed SY Police as one of the five police forces which needs to take action to demonstrate that it is reorganising the way it delivers its functions so that they will be effective at the end of the current CSR period. You have acknowledged the findings in the report and have developed an action plan to address them. Specific actions include reviewing the current approach to the 'Diamond Programme', including a peer review from another police force, and commencing a number of strategic Diamond Reviews, notably Contact Management, Protective Services and Local Policing Review. ■ Governance arrangements following the election of the Police and Crime Commissioner notably the second stage transfer: governance arrangements are continuing to develop and you are reviewing the effectiveness of the governance framework and decision making process to ensure that they are robust and based on sound information. ■ Follow up of recommendations from external reviews: Actions plans are produced and monitored following all external reviews, notably those by HMIC.
Audit opinions	<p>We issued unqualified opinions on the PCC's and the CC's financial statements on 30 September 2013. This means that we believe the financial statements give a true and fair view of the financial positions of the PCC and the CC and of their expenditure and income for the year. The PCC's financial statements also include those of the Group, which consists of the PCC and the CC.</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.

Financial statements audits	<p>The main finding from both financial statements audits was:</p> <ul style="list-style-type: none"> ■ The PCC's and the CC's finance staff coped well with the lack of clear national guidance about the structure of, and the interpretation of accounting standards in relation to, the financial statements of the two new entities.
Annual Governance Statements	<p>We reviewed your <i>Annual Governance Statements</i> and concluded that they were consistent with our understanding.</p>
Whole of Government Accounts	<p>We reviewed the consolidation pack which the PCC prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the PCC's pack was consistent with the audited financial statements.</p>
Significant recommendations and challenges	<p>There were no significant recommendations arising from our audit of the PCC's and CC's financial statements and in arriving at our conclusions on arrangements for securing value for money.</p> <p>The challenges facing the PCC and CC are to:</p> <ul style="list-style-type: none"> ■ further improve the link between Diamond Reviews, monitoring budget savings and linkage to cross-cutting areas such as IT and Estates; ■ implement a more strategic approach to managing the savings required whilst developing a different operational model for South Yorkshire Police which continues to improve performance and meet the priorities in the Police and Crime Plan; and ■ put the Second Stage Transfer into practice and link with the overall governance framework and organisational change arising from the Diamond Reviews.
Certificates	<p>We issued our certificates on 30 September 2013.</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>Our fees for 2012/13 were £58,000 for the PCC and £25,000 for the CC, excluding VAT. The fee for the former Police Authority in 2011/12 was £96,784. There were no charges for any other services.</p>

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since the 11/12 *Annual Audit Letter*.





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