



**Report of the PCC's Chief Finance Officer to the Chair and Members
of the Joint Audit Committee
22nd September 2016**

**Executive and Presenting Officer: Mr M Porter, PCC CFO
Status: For Decision**

Title: Audited Statement of Accounts 2015/16

1 Purpose

1.1 The purpose of this report is to enable Members of the Joint Audit Committee to discharge their responsibilities' in relation to the Statement of Accounts for the PCC and CC as set out in the Terms of Reference for the Committee, which are specifically to:

- Review the Annual Statement of Accounts and make recommendations, or bring to the attention of the PCC or CC, any concerns or issues.
- Consider whether appropriate accounting policies have been followed and any changes to them.

In addition to these responsibilities the Terms of Reference also contain the following, which can be discharged through items elsewhere on today's agenda but which are linked to the Statement of Accounts process:

- Reviewing the external auditor's Annual Completion Report and any other reports;
- Reporting on these to the PCC and Chief Constable of Cleveland Police as appropriate and including progress on the implementation of agreed recommendations.
- Reviewing District/External Auditor's Annual Audit Letter and making recommendations as appropriate to the PCC and Chief Constable of Cleveland Police.

In addition to the reviews within this Committee the Vice-Chair of the Audit Committee has undertaken a review of the accounts on behalf of the Committee outside of the Committee's formal setting. The review and questions that arose from this review have been discussed with the PCC CFO.

2 Recommendations

Members are asked to:

- 2.1 Consider whether there are any concerns arising from the financial statements, which are appended to this report, or from the Audit that need to be brought to the attention of the PCC and/or Chief Constable prior to the formal sign off of the accounts, before the end of September 2016.

3 Reasons

- 3.1 Under the Account and Audit Regulations 2014, the Responsible Financial Officer of a Local Authority, which includes a Police and Crime Commissioner and a Chief Constable must, no later than the 30th June immediately following the end of a year, sign and date the statement of accounts, and certify that they present a true and fair view of the financial position of the body. The PCC's CFO and CC CFO duly undertook this role.
- 3.2 Under the same regulations the PCC and CC must, no later than 30th September in the year immediately following the end of the year to which the statement relates:
 - consider either by way of a committee or by the members meeting as a whole the statement of accounts;
 - following that consideration, approve the statement of accounts by a resolution of that committee or meeting;
 - following approval, ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval was given; and
 - publish (which must include publication on the body's website), the statement of accounts together with any certificate, opinion, or report issued, given or made by the auditor under section 9 (general report) of the 1998 Act.

The responsible financial officer must re-certify the presentation of the statement of accounts before the relevant body approves it.

A larger relevant body must keep copies of the documents mentioned for purchase by any person on payment of a reasonable sum.

- 3.3 In undertaking a review of the Statement of Accounts the Audit Committees' role is essentially to provide assurance to the PCC and CC and to the wider stakeholder base that they conform to proper practices.
- 3.4 The Police Reform and Social Responsibility Act 2011 established both the PCC and CC as separate 'corporations sole' which has therefore necessitated the production of 2 sets of accounts. These are attached to this report as follows:

Appendix 1 – The Accounts of the Office of the PCC and the PCC Group

Appendix 2 – The Accounts of the Chief Constable

- 3.5 The changes that have been made to the Statement of Accounts since authorisation by the CFO's in June, which were provided to Members of this Committee in draft at their June meeting along with a summary financial overview, are referenced in the Annual Completion Report from the External Auditors which is included elsewhere on today's agenda. None of the changes have impacted on the Outturn, which was an underspend of £735k against the revised 2015/16 budget with further detail provided on page 6 within Appendix 1.

4 Implications

4.1 Finance

There are no financial implications other than those mentioned above.

4.2 Diversity & Equal Opportunities

There are no issues arising from this report to bring to Members attention.

4.3 Human Rights Act

There are no Human Rights Act Implications from this report.

4.4 Sustainability

The report is part of a series aimed at setting and monitoring a sustainable financial position for the PCC.

4.5 Risk

Incorrectly prepared Statement of Accounts may materially misrepresent the financial position of the PCC Group, giving rise to risks to reputation, service and financial planning processes, as well as exposure to additional costs. Adherence to proper practices, the closure processes undertaken within the Force, combined with reviews by the CFO's of both the PCC and Force are designed to mitigate such risks.

5 Conclusion

The role of the Audit Committee in reviewing the statement(s) of accounts is set out in the agreed terms of reference. This report is to provide Members of the Committee with the required information for them to discharge this role.

Both Chief Finance Officers are responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and both will sign the Statement of Accounts stating that:

They give a true and fair presentation of the financial position of their organisations at the accounting date and its income and expenditure for the year ended 31st March 2016.

Michael Porter
PCC CFO