



# The Annual Audit Letter for the Police and Crime Commissioner for the West Midlands and the Chief Constable for the West Midlands

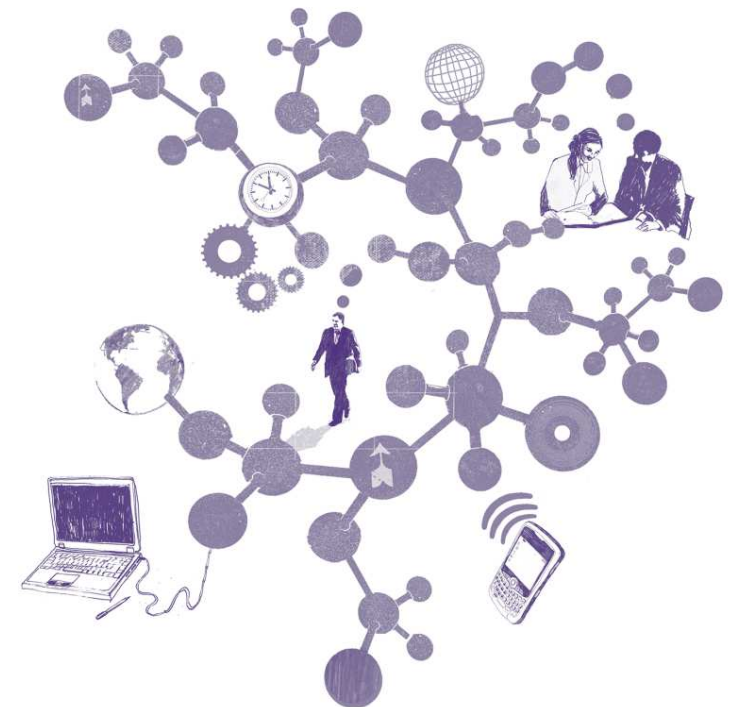
**Year ended 31 March 2014**

October 2014

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# Key messages

## Purpose of this letter

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out for the Police and Crime Commissioner ("PCC") for the West Midlands and the Chief Constable for the West Midlands ("Chief Constable") for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the PCC, Chief Constable and external stakeholders, including members of the public.

## Responsibilities of the external auditors, the PCC and the Chief Constable

This Letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission ([www.auditcommission.gov.uk](http://www.auditcommission.gov.uk)).

The PCC and Chief Constable are each responsible for preparing and publishing their own accounts, with each set of accounts accompanied by a separate Annual Governance Statement. They are also each responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources (Value for Money) in their respective organisations.

Our annual work programme for each body, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the joint Audit Plan that we issued on 26 March 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice ('the Code'), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

# Key messages

## Audit Conclusions

### Financial statements audit (including audit opinion)

We reported our findings arising from the audit of the financial statements in our joint Audit Findings Report which was discussed on 22 September 2014 with the Joint Audit Committee and then reported to the Police and Crime Commissioner and the Chief Constable.

The key messages reported for the Police and Crime Commissioner were:

- We did not identify any significant adjustments affecting the Group's reported financial position or balances.
- The accounts were, however, restated to reflect the change in the methodology in the Chief Constable's accounts to account for employment related liabilities. This had no impact on total net cost of services but reduced total comprehensive income and expenditure by £96.3m. The impact on the balance sheet was to increase net assets and reserves by £5,967m. Corresponding adjustments were included in the PCC's accounts. The prior year figures were also restated on the same basis.
- Management made further amendments to correct disclosure and misclassification issues identified during our audit. None of these were significant.

The key messages reported for the Chief Constable were:

- The accounts were restated to reflect the change in the methodology for accounting for employment related liabilities now permitted by statute. This had no impact on total financial resources consumed but total comprehensive income was amended to £96.3m. The impact on the balance sheet was to reduce net assets by £5,967m and create negative reserves of the same amount. The prior year figures were also restated on the same basis.
- Management made further amendments to correct disclosure and misclassification issues identified during our audit. None of these were significant.

We issued an unqualified opinions on the PCC's and the Chief Constable's 2013/14 financial statements on 30 September 2014, meeting the national deadline. Our opinions confirm that the financial statements for each organisation give a true and fair view of the PCC and Chief Constable's financial positions and of the income and expenditure recorded by the PCC and Chief Constable, respectively.

# Key messages

## Audit Conclusions

<b>Value for Money (VfM) conclusion</b>	<p>We issued unqualified VfM conclusions for the PCC and for the Chief Constable for 2013/14 on 30 September 2014.</p> <p>In relation to the PCC, we found that the PCC and Group are well placed to meet the financial challenges caused by funding reductions, with plans to use balances to provide flexibility until the full benefits of the IIP (Innovation and Integration Partner) project are realised.</p> <p>In relation to the Chief Constable, we commented in our Audit Findings Report on the continuing sound financial position of the force, with the £7m underspend in 2013/14 further contributing to group reserves, which provides the force with some flexibility in dealing with funding reductions while it works with its IIP partner to introduce new ways of working. We also noted the very positive outcome of the recent HMIC 'Responding to Austerity' report which rated the force as "outstanding" commentating that "West Midlands Police has made excellent progress during challenging financial circumstances and has innovative plans to manage further austerity in the future."</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the PCC and the Chief Constable have each put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources for the year ending 31 March 2014.</p>
<b>Whole of Government Accounts</b>	<p>We reviewed the consolidation pack which the PCC and Chief Constable prepared to support the production of Whole of Government Accounts. We reported that the pack prepared was consistent with the audited financial statements.</p>

# Appendix A: Reports issued and fees

We confirm below the fee charged for both audits.

## Fees

	Per Audit plan £	Actual fees £
Audit Fee – PCC	56,490	56,490
Audit Fee – Chief Constable	30,000	30,000
<b>Total fees</b>	<b>86,490</b>	<b>86,490</b>

## Fees for other services

Service	Fees £
None	Nil

## Reports issued

Report	Date issued
Joint Audit Plan	26 March 2014
Joint Audit Findings Report	22 September 2014
Joint Annual Audit Letter	October 2014



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