

WYPCC –Decision template

From: Sophie Abbott, Interim Chief Finance Officer

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Timing:	Urgent - Required for preparation of the 2013/14 Draft Statement of Accounts, statutory deadline 30.6.14.
Purpose:	To approve the format of the 2013/14 Statement of Accounts
Cleared by:	Fraser Sampson

SUBJECT OF ADVICE: FORMAT OF THE PCC SINGLE ENTITY AND GROUP ACCOUNTS 2013/14

Summary:

There is a statutory requirement for the Police and Crime Commissioner for West Yorkshire to produce both single entity and group accounts. The Chief Constable is also required to produce a set of single entity accounts.

The Chartered Institute of Public Finance and Accountancy (CIPFA) through its Local Authority Accounting Panel (LAAP) have issued LAAP bulletin 98, Closure of Accounts and Related Matters; and 98a – Single Entity Financial Statements of Police and Crime Commissioners and Chief Constables. These documents have guided the preparation of the accounts for 2013/14. Confirmation of the national approach to the audit of accounts was issued by the external auditors on 19 June 2014.

After the first year of accounting for the Police Service as a group there was a significant amount of uncertainty around presentation, particularly of the Chief Constables account. The accounts for 2013/14 are to be prepared on the same basis as 2012/13 except for the following:

- The necessity for the PCC to include as part of his single entity accounts a separate balance sheet and movement in reserves statement as these will now differ from the Group position. Previously the PCC single entity accounts only included a separate comprehensive income and expenditure statement. Joint services under the direction and control of the PCC will be separated out into the relevant CIPFA service expenditure headings.

- The PCC's Comprehensive Income and Expenditure Statement will include a line showing the intra group funding to the Chief Constable to meet the cost of Policing.
- Regional activities will be accounted for as a jointly controlled operation only to 31st August. The CC will show his share of the regional income and expenditure within the service expenditure analysis apportioned under the relevant headings within his single entity accounts. This will also be shown within the Group Accounts. As West Yorkshire acts as the lead for finance, Memorandum Regional Accounts will be included within the CC s single entity accounts and the group accounts.
- From September onwards, expenditure on lead force activity will be shown gross, with income from other Forces shown separately. The net impact will represent the cost of the service to West Yorkshire as the lead force.
- NPAS will appear separately showing:

Continuing operations (those forces who joined in 2012/13) under National Policing (this line will also includes CTU); and,

Acquired operations – this will be on a separate line, and relates to forces joining during 2013/14.

NPAS running costs will be shown in the accounts of the Chief Constable with assets and liabilities showing on the PCC balance sheet.

Recommendation: That the above areas be included in the 2013/14 financial statements in line with CIPFA Guidance.

Consideration: There has been extensive consultation with external audit around the approach to the accounts. Confirmation of the nationally expected approach to the audit of accounts was issued by the external auditors on 19 June 2014. The areas outlined above are consistent with this approach.

Affordability: There will be an additional resource requirement resulting from the need to produce, and audit, separate accounts and there is an additional workload resulting from the hosting of NPAS and Lead Force collaborations.

Handling: The normal arrangements for publication of the accounts including the requirements for public inspection will continue to apply.

Risks/Legal Opinion: Preparation of the accounts in accordance with proper accounting practice is a statutory requirement. Failure to achieve the deadlines or to comply with the Code of Practice is a reputational risk and may result in the external auditor qualifying the audit opinion.

Supporting and dissenting views: The accounting treatment set out above has been discussed and agreed with the external auditor.