

**PROMOTING ACCOUNTABILITY AND THE  
BEST USE OF PUBLIC MONEY**

The Comptroller and Auditor General (C&AG), Amyas Morse, audits the financial statements of the Northern Ireland Policing Board (NIPB). The Northern Ireland Audit Office (NIAO) acts on behalf of the National Audit Office (NAO) and C&AG to carry out this work.

The Northern Ireland Audit Office's Mission is to provide objective information, advice and assurance on the use of public funds; and to encourage:

- beneficial change in the provision of public services
- the highest standards in financial management and reporting; and
- good governance and propriety in the conduct of public business.

The Northern Ireland Audit Office employs some 150 staff and is totally independent of Government.

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**Northern Ireland Policing  
Board Account****Year ended 31 March 2010****Report to those charged with  
Governance  
Audit results****Contents**

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## 1. Executive summary

Our audit is now complete and the Comptroller and Auditor General (C&AG) provided an unqualified audit opinion. No report on the account was required.

There were no critical matters which we would like to draw to the attention of those charged with governance as a result of our audit.

Our full recommendations are contained within the body of this report.

In accordance with our undertaking in our Annual Audit Strategy issued on 18 March 2010, we have completed our processing of personal data for audit purposes and have either returned it to you or have destroyed it via secure disposal methods.

We have undertaken this audit on behalf of the NAO and as such, all personal data pertaining to the audit has been processed by ourselves.

## 2. Introduction

The purpose of this report is to provide those charged with governance, both management and non-executives, with the results of our audit work on the Northern Ireland Policing Board Account for 2009-10 and our recommendations for action. The report sets out:

- ◆ our audit conclusion;
- ◆ the outcome of our response to the key risks set out in the previously provided Audit Strategy; and
- ◆ management's response to our recommendations;
- ◆ our ISA 260 Report; and
- ◆ specific lesser audit findings that we have shared with the Corporate Services Director and Finance Manager (See Annex A).

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## 3. Audit Conclusion

Our audit is now complete and the Comptroller and Auditor General (C&AG) provided an unqualified audit opinion. No report on the account was required.

## 4. Key risks identified in Audit Strategy

In our Audit Strategy presented to those charged with governance, we identified a number of risks that related to the Northern Ireland Policing Board as an organisation and, in addition to these risks, others that related to individual account areas. In the Strategy, we also outlined how we were going to consider further how Northern Ireland Policing Board has addressed these risks. The following section includes details of the previously identified risks relating to Northern Ireland Policing Board as an organisation and to individual account areas, and our audit response as previously provided in the Strategy. In addition we now provide the outcome of our testing, with any resulting recommendations. Each recommendation has an

assigned priority rating as follows (where applicable):

1. Significant weaknesses which should be addressed immediately
2. Weaknesses which are not fundamental but should be addressed as soon as possible
3. Improvements that represent best practice

Where we believe that the risk remains outstanding, we have made a recommendation which we believe that management should adopt, and we have provided an opportunity for management to respond.

<b>Key Risk 1 – General- IFRS compliance</b>
There is a general risk of non-compliance with Financial Reporting Standards with the implementation of IFRS for the 2009-10 statutory accounts.
<b>Audit Response</b>
We reviewed the 2009-10 statutory accounts to confirm they complied with IFRS using the NAO Disclosure Guide and reviewed whether our recommendations from the Trigger Point 4 IFRS audit have been acted upon.
<b>Outcome</b>
Generally the Annual Report and Accounts were satisfactory. Additional disclosure was required in respect of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

<b>Key Risk 2 - Grants</b>
District Policing Partnerships - the Northern Ireland Policing Board needs to ensure that any grants paid / expenditure incurred is in accordance with the relevant legislation and that its recognition is in accordance with accounting standards. This is quite a complex area that has raised audit concerns in the past.
<b>Audit Response</b>
We discussed the process and controls with the Grants Officer and evaluated the effectiveness of these controls. We relied on audit work conducted by the Local Government Division within NIAO for this area. Clearance certificates were obtained and agreed to the Financial Statements.
<b>Outcome</b>
We did not note any issues during our audit.

## **5. Significant observations identified during audit work and recommendations to management**

We reviewed the accounting systems and management controls operated by the Northern Ireland Policing Board only to the extent we considered necessary for the effective performance of our

audit. As a result our review may not have detected all weaknesses that exist or all improvements that could be made.

There are no significant matters we would like to bring to the attention of those charged with governance following our audit. However, some minor points that came to our attention during our audit are included in Annex A. These have been discussed with management and their responses are also shown in this Annex.

## 6. International Standards on Auditing (ISA 260)

We are obliged under ISA 260 to bring to the attention of those charged with governance errors found during the course of our audit. The auditors must report material errors that are adjusted in the financial statements, if their occurrence has implications for the entity's control environment. They must also report all immaterial errors found during the audit that are not adjusted unless they are "clearly trifling". For Northern Ireland Policing Board we have determined that "clearly trifling" is less than £4,000.

### 6.1 Adjusted Differences

One accounting adjustment was made to the accounts initially presented for audit. The final version of the accounts was signed by the Accounting officer on 28 June 2010.

Description of adjustment	Account Area	Balance Sheet (£000)		I&E (£000)	
		DR	CR	DR	CR
To recognise software licenses as an intangible asset in the Statement of Financial Position	Intangible Assets	54			
	Prepayments		54		

### 6.2 Unadjusted audit differences

There were no significant unadjusted audit differences.

## **7. Conclusion**

The Comptroller and Auditor General provided an unqualified audit opinion for the 2009-10 Account prior to summer recess. No report on the accounts was required.

We also noted a number of minor weaknesses during our audit, which are referred to in Annex A and should also be addressed.

We recommend that management within Northern Ireland Policing Board considers the points included in this report alongside any subsequent management reviews so that positive actions can be taken to enhance the processes in the critical areas of the Northern Ireland Policing Board's operations.

## **8. Complaints Procedures**

NIAO seeks to ensure that, when carrying out its audit work, it complies with the principles developed by the Public Audit Forum in its paper "What Public Sector Bodies can expect from their Auditors".

NIAO also wishes to gauge public sector bodies' perceptions of its audit processes in order to promote continuous improvement. In particular, it undertakes to act quickly on any complaint and ensure that the underlying causes of problems are addressed to prevent them recurring. In the first instance, complaints can be addressed to the member of the Directorate responsible for the audit within which the concern has been raised.

Failing resolution of the problem to the satisfaction of the complainant, the Accounting Officer of the audited body can then write directly to the Comptroller and Auditor General. He will ensure that a further review of the case will be undertaken.

**Annex A: Minor points for the attention of management**

**Note: NIAO do not recommend that these points need to be considered by Audit Committees or the Commissioners. They are provided for completeness and to give a general perspective on the control environment.**

Observation	Implication	Recommendation	Management Response
<p>1. <u>Delegated Authority Limits</u></p> <p>On review of a payment voucher it was found that an invoice exceeded an authoriser's approval limit of £25,000. This particular invoice amounted to £34,650 (exc. VAT) and related to NIPB's contribution to a Northern Ireland wide "You, Your child and alcohol" campaign funded in tandem with PSNI, NIO and DHSS.</p>	<p>Management controls are not being operated effectively.</p>	<p>Management should remind staff of the financial delegated limits in operation in NIPB.</p>	<p><b>Accepted</b></p> <p>Staff will be reminded of delegated limits.</p>
<p>2. <u>Prepayment Schedule</u></p> <p>A prepayment for £51,741 was tested. This related to software licenses which should have been capitalised and included as an intangible in the accounts rather than a prepayment. Although not material, NIPB adjusted for this. There were also a few smaller invoices relating to this license so total adjustment was £53,620.</p>	<p>Incorrect accounting treatment.</p>	<p>Management should make staff aware of their policy in relation to intangible assets and carry out a periodic review of relevant expense codes to ensure all capital items have been captured.</p>	<p><b>Observation noted</b></p> <p>This item is the only intangible asset within NIPB accounts and therefore the observation will not occur in future</p>

## **Annex B: Indicative Certificate of the Comptroller and Auditor General**

### **NORTHERN IRELAND POLICING BOARD**

### **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT**

I certify that I have audited the financial statements of the Northern Ireland Policing Board for the year ended 31 March 2010 under the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### **Respective responsibilities of the Northern Ireland Policing Board, the Chief Executive and auditor**

As explained more fully in the Statement of the Northern Ireland Policing Board and Chief Executive's Responsibilities, the Northern Ireland Policing Board and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Ireland Policing Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Ireland Policing Board; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

#### **Opinion on Regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view, of the state of Northern Ireland Policing Board's affairs as at 31 March 2010 and of its net expenditure, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003 and directions made thereunder by the Secretary of State for Northern Ireland.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003 and directions made thereunder by the Secretary of State for Northern Ireland; and
- the information given in the Management Commentary included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns;  
or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

## **Report**

I have no observations to make on these financial statements.

### **Amyas C E Morse**

Comptroller and Auditor General

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Date