



Northern Ireland Audit Office

Our purpose ...

Promoting better use of public money, through independent professional scrutiny, underpinned by our commitment to:

- Integrity
- Equality
- Openness
- Innovation

To make a difference for the people of Northern Ireland.

The Comptroller and Auditor General, Mr Kieran Donnelly, is an Officer of the Northern Ireland Assembly. He is the Head of the Northern Ireland Audit Office, which employs some 150 staff. He, and the Northern Ireland Audit Office, are totally independent of Government. He certifies the accounts of all Government Departments and a wide range of other public sector bodies; and he has statutory authority to report to the Northern Ireland Assembly on the economy, efficiency and effectiveness with which departments and other bodies have used their resources.

For further information please contact:

Stephen McCormick
Director
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Tel: 02890 251067

Email:

stephen.mccormick@niauditoffice.gsi.gov.uk

Northern Ireland Policing Board AUDIT OF 2012-2013 FINANCIAL STATEMENTS

REPORT TO THOSE CHARGED WITH GOVERNANCE

Contents

<i>Executive Summary</i>	1
<i>Section 1 - Audit Risks</i>	3
<i>Section 2 - Audit Findings</i>	5
<i>Section 3 - Identified Misstatements</i>	9
<i>Section 4 - Other Matters of Governance Interest</i>	10
<i>Annex A – Letter of Representation</i>	12
<i>Annex B – Audit Certificate</i>	15

Executive Summary

Introduction

1. This report summarises the key matters arising from our audit of the 2012-13 financial statements for the benefit of those charged with governance¹. We would like to thank the Director of Support Services and his staff for their co-operation during the audit process.
2. The examination of the 2012-13 financial statements was undertaken in accordance with auditing standards issued by the Financial Reporting Council (FRC), taking into account Practice Note 10 (Revised); Audit of Financial statements in Public Sector Bodies in the United Kingdom. Our approach to the audit was planned and executed in accordance with the Audit Strategy presented to the Audit Committee in March 2013.
3. This report has been prepared for the sole use of the Northern Ireland Policing Board (NIPB) although it will be shared with the sponsoring department. Our prior consent should be sought before any distribution (including web publication) either in full or in part is made. The Northern Ireland Audit Office (NIAO) does not accept responsibility to any third party for losses arising from reliance being placed on this report.
4. Certification has now taken place and the Annual Report and Accounts have been laid in the Assembly. The Annual Report and Accounts have also been added to the NIPB website.

Actions for those charged with governance

5. Those charged with governance are invited to review the findings set out in this report, including the letter of representation and audit certificate included in Annex A and Annex B respectively.

Status of audit

6. Our audit has been completed.

Overall conclusion and opinion

7. The Comptroller and Auditor General (C&AG) has reported his opinion to the Assembly in the format set out in Annex B – Audit Certificate. The C&AG's certificate includes an opinion as to the truth and fairness of the financial statements, and that the expenditure and income have been applied to the purposes intended by the Assembly and that the transactions conform to the authorities which govern them ('regularity'). The C&AG's certificate also includes an opinion on the part of the Remuneration Report to be audited has been properly prepared and that certain information given in the Annual Report is consistent with the financial statements.
8. The C&AG has certified the 2012-13 financial statements with an unqualified audit opinion, without modification. No report on the account was required.

Audit judgements

9. The key judgement made in this audit relates to the controls operating over PCSPs. At the planning stage we considered the work planned by Internal Audit and anticipated relying upon it to reduce our audit testing. When we reviewed the work done, there was insufficient supporting evidence to demonstrate to our satisfaction the level of detail in the work carried out or the extent of challenge shown by auditors, particularly for project expenditure which we consider to be of higher risk than administrative expenditure. As a result we doubled our planned visits to Councils from two to four. We concentrated our audit work on project expenditure. The results of our findings are outlined in Section 2.

¹ In accordance with ISA 260, those charged with governance are those individuals accountable for ensuring that the entity achieves its objectives, with regard to reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws, and reporting to interested parties.

Executive Summary

Audit findings

10. In Section 2 we outline the quality, effectiveness and transparency of NIPB's financial reporting and its accounting policy selection, and our audit findings including any issues identified relating to regularity and the internal control environment.
11. We noted some quality issues and omissions to the first draft Annual Report and Accounts submitted, primarily in sections in the Annual Report. DFP guidance contained in FD(DFP) 04/13 outlines the expectations of the quality and management review of the document to be submitted for audit. Additional audit time was required to highlight issues and track changes to this document. Aside from the Annual Report, no issues were noted regarding the quality, effectiveness and transparency of the financial reporting and accounting during the year.
12. The accounting policies disclosed are considered to be appropriate for NIPB's circumstances and comply with the relevant standards. Some adjustments were requested to improve the quality of disclosures contained in Note 1 to the accounts.
13. No significant issues identified regarding regularity although some improvements are outlined in Section 2.
14. No significant internal control weaknesses were identified during the audit although some improvements are outlined in Section 2.
15. Further issues of interest are set out in the Other Matters of Governance Interest section.

Identified misstatements

16. In the course of the audit misstatements were identified on the presentation of the Other Comprehensive Expenditure, the Cash Flow Statement and notes to the accounts. As planned, the first draft of the financial statements did not include the PCSP accrual information.
17. There were no uncorrected misstatements above the clearly trivial level.

Section 1: Audit Risks

Significant risks

- 1.1. In our Audit Strategy issued in March 2013, our assessment of NIPB's operations and control environment identified a number of significant risks. A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgement, requires special audit consideration.
- 1.2 The table below describes how we addressed these matters through our audit process.

Significant risks of material misstatement

Risk 1: Policing and Community Safety Partnerships (PCSPs)
<p>PCSPs are new statutory bodies established under the Justice Act (Northern Ireland) 2011. PCSPs amalgamate the District Policing Partnerships (DPPs) and Community Safety Partnerships (CSPs), which were in place in 2011-12 and were funded separately by NIPB and DOJ respectively.</p> <p>As a result of the new Partnership arrangements, PCSPs receive joint grant funding from NIPB and DOJ. This funding is used to cover general administration costs and grants that PCSPs incur for specific policing and community safety projects.</p> <p>District councils are responsible for administering the PCSPs operations and then claim funds incurred from NIPB and DOJ on a quarterly basis.</p> <p>This is the first year of the new PCSPs and therefore there is a risk that governance arrangements may not be fully in place or that these arrangements are not operating effectively.</p> <p>There is also a risk that grants are not being used as intended and do not meet the terms and conditions of the grants.</p>
Audit Response
<p>We obtained an understanding of PCSP arrangements and the controls in operation. In particular we reviewed the oversight and monitoring arrangements in place at NIPB.</p> <p>Internal Audit scheduled a review of PCSPs in February/March and we reviewed the results of this work to inform our audit approach.</p> <p>We performed sample testing at council level to assess whether the grants are used for the purposes intended and comply with grant terms and conditions.</p>
Outcome
<p>We obtained an understanding of the PCSP control environment operated at both NIPB and DOJ. At DOJ we reviewed the work of the Partnership Development Officers (PDOs) and we have made some recommendations to DOJ on how the work of these Officers could be improved.</p> <p>At NIPB, the controls in operation were also informed by the work done by Internal Audit at each Council and the assurance map produced. We had also planned to place reliance on the audit of expenditure carried out by Internal audit to reduce our transaction testing. Following a review of the supporting papers provided by Internal Audit we widened our testing and looked at four PCSPs, paying particular attention on project expenditure which we considered to be of higher risk.</p> <p>Our testing noted some unadjusted errors, outlined in Section 3 and some recommendations from our observations in Section 2. Overall, we found no material errors or regularity issues in the grants to PCSPs.</p>

Section 1: Audit Risks

Risk 2: Equal Pay Legal Fees

Under the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, PSNI staff are considered to be employed by the NIPB. Therefore, the legal case for settling the equal pay issue for PSNI staff has been taken against NIPB and NIPB is responsible for the legal costs.

In 2011-12 the provision for legal costs was £20k; however recent legal opinion has indicated that NIPB is likely to lose the case and it is anticipated that the provision could increase to almost £260k in 2012-13

If the case is not settled before year end year, there may be a risk to the accuracy and disclosure of the amount provided in the accounts due to the uncertain nature of these costs.

Audit Response

We reviewed the progress of the case to assess its impact on the financial statements.

We reviewed supporting documentation to confirm the accuracy of the figures in the financial statements.

Outcome

This case was dismissed by County Court in March 2013, therefore this provision was no longer required and has been released in year. The disclosures in the accounts were reviewed for accuracy.

Section 2: Audit Findings

Financial Reporting and Accounting Policies

- 2.1 The Annual Report and Accounts are required to comply with the Government Financial Reporting Manual (FReM) in accordance with the Accounts Direction issued by the Department of Justice (DOJ).
- 2.2 In this section we draw to your attention our review of qualitative aspects of the accounting practices and financial reporting. This includes any significant changes or issues in respect of the accounting policies; estimates; judgements and the adequacy of disclosures affected by unusual or non-recurring transactions recognised during the period. We also review the overall balance and clarity of information contained in the Annual Report.
- 2.3 From the audit work completed no issues have been noted regarding the quality, effectiveness and transparency of financial reporting
- 2.4 Other points to consider include:
- Some aspects of the first draft Annual Report & Accounts did not meet the required quality standard. We understood that some information was unlikely to be available at the time of submission, such as the PSCP accrual and PSNI data, which was agreed in advance and our audit work planned around it. However, the Annual Report & Accounts were submitted under five separate documents, with some sections incomplete and clearly not reviewed. FD 04/13 clearly stipulates the quality of the document to be submitted for audit.
 - The late receipt of PCSPs accrual data put pressure on submission of the final account figures and the subsequent audit work. Now that the first year has been completed, we would request that NIPB reviews how it could obtain the information more quickly after the year end.

Review of information in the Annual Report

- 2.5 We review information in the Annual Report only to the extent that we confirm it is consistent with the financial statements and our understanding of the business. This position is reflected in audit certificate under other matters.
- 2.6 The Annual Report was considered to be consistent with our understanding of the business, and was in line with the other information provided in the financial statements.

Regularity, propriety and losses

- 2.7 There were no significant regularity, propriety and losses issues identified during the audit.

Internal Control

- 2.8 We have reviewed the Governance Statement and in our opinion, it fairly reflects our understanding of the state of internal control systems within the entity during the year.

Remuneration Report

- 2.9 We requested changes to the Remuneration Report so that it complied with DOJ directions issued under the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 and Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

Observations & Recommendations

- 2.10 This section outlines the findings arising from our audit, as well as management's response and target date for implementation to these recommendations.

Section 2: Audit Findings

2.11 We have included the significant, important and best practice findings arising from our audit which are defined as:

- Priority 1 – significant issues for the attention of senior management which may have the potential to result in material weakness in internal control.
- Priority 2 – important issues to be addressed by management in their areas of responsibility.
- Priority 3 – issues of a more minor nature which represent best practice.

Other issues of a more minor nature have been sent to the Director of Support Services.

2.12 As outlined in our Audit Strategy our procedures included a review of the internal controls and accounting systems and procedures only to the extent considered necessary for the effective performance of the audit. Audit findings and observations therefore should not be regarded as representing a comprehensive statement of all the weaknesses which exist, or all improvements which could be made to the systems and procedures operated.

Index of recommendations

Issues raised at Audit

No.	Description	Priority	Page
1	The audit of PCSP grant funding	1	7

Section 2: Audit Findings

Issues raised during audit

1. The audit of PCSP Grant Funding

Observation
<p><u>Management's assurance on the Regularity of transactions</u></p> <p>From our work on the PCSP control environment operated at NIPB, and DOJ as part of the Departmental audit, we concluded that the mechanism for assurance to NIPB (and DOJ) management for the regularity of PCSP expenditure relies upon the work done by Partnership Development Officers (PDOs), who are staff belonging to the Department. We noted that some improvements could be made to how the work of PDOs is determined and how they record the results for their work. We have raised these points with DOJ management as part of our audit of the Department.</p> <p>We initially assumed that Internal Audit would provide some assurance to NIPB management on the regularity of transactions as part of their review of PCSPs. However, at a planning meeting with NIPB and PWC staff, it was clear that Internal audit testing would not incorporate the regularity of transactions. We consider that the regularity risk is higher for project expenditure and therefore verification of how projects are delivered is important in giving management assurance in this area.</p> <p><u>Other Observations on PCSP expenditure</u></p> <p>Our testing at the four of the larger PCSPs – Belfast, Newry, Larne and Lisburn – found that each Partnership had different approaches to how they kept their information. We found that Newry and Belfast were well organised and it was easy to get hold of all the information. Although the NIPB grant claim and financial statement template outlines the requirement to kept project files, other Partnerships did not follow this format. This made it difficult to trace invoices and supporting documentation, and additional audit time was required as a result.</p> <p><u>Timing of PCSP Accrual information</u></p> <p>NIPB wait to receive accrual information until it is verified by Partnerships to the actual expenditure coming through in April and May. This creates an issue for the accounts preparation timetable and submission of the accounts for audit. Accruals by their nature are estimates of the activity that has occurred before the year end and therefore we would expect a reasonable and, therefore, more timely estimate could be considered by Partnerships. The close monitoring of budgets and the budget limits employed would suggest that accrual estimations are likely to be fairly close to the actual expenditure in overall terms.</p>
Implication
<p>Management may not have sufficient evidence that PCSP grant funding has been spent as intended and supporting documentation may not be available when required. The timing of the accounts preparation and audit puts pressure on the ability to meet a challenging summer recess timeframe.</p>
Priority Rating
1
Recommendation
<p><u>Regularity Assurance</u></p> <p>We recommend that NIPB and DOJ establish a Service Level Agreement for the PCSP arrangements. NIPB should ensure that they are content with the work of DOJ's PDOs and that evidence is provided to give the NIPB Accounting Officer sufficient assurance over regularity of transactions. NIPB should build in regularity tests to the terms of reference of Internal Audit reviews of project expenditure or test the regularity of this expenditure with suitably trained in-house staff, as this is that area of greatest risk.</p> <p><u>Other Observations</u></p> <p>NIPB should consider providing regular training to Partnership managers and suitable training for new managers and those deputising in a manager's absence. As the first year of the regime has just been completed, NIPB should consider asking managers for feedback on their experiences. NIPB should also note examples of good practice and aim to share this approach across all Partnerships for consistency.</p> <p><u>PCSP Accruals</u></p> <p>NIPB should consider its processes and timing for gathering PCSP accruals data and how this fits into the Annual</p>

Section 2: Audit Findings

Report and Accounts preparation timetable.
Management Response
<p><u>Regularity Assurance</u></p> <p>Accepted</p> <p>Under the Justice Act (Northern Ireland) 2011, a Joint Committee was established to oversee the work of PCSPs and consists of representatives of the Department of Justice and the Northern Ireland Policing Board. The Joint Committee is responsible for developing and implementing the support, monitoring and oversight arrangements provided by the Department and the Board for PCSPs including the means of providing assurance to the respective accounting officers on PCSP expenditure. The Joint Committee has in place a Memorandum of Understanding (w/e: 26 April 2012) setting out how in practice the Joint Committee functions. The Memorandum provides for a review of these arrangements as part of the (12) month review of PCSPs and for Criminal Justice Inspectorate (CJINI) to be invited to assist as part of an external review.</p> <p>The review of the Memorandum of Understanding will incorporate a Service Level Agreement for PCSP arrangements, to include management for the regularity of PCSP expenditure and the work undertaken by various officials within the Board and DOJ. Terms of Reference for future Internal Audit reviews of project expenditure will include testing the regularity of expenditure and management will explore the options to review the regularity of project expenditure.</p>
<p><u>Other Observations</u></p> <p>Accepted</p> <p>The Board and Department of Justice recently issued a Training Needs Analysis for PCSP Members and PCSP support staff and are currently analysing the results with a view to developing a programme of training and events to support the implementation of the PCSP action plans for 2013 - 2015. Training for Partnership managers/ new managers and those deputising in a manager's absence will be made available through the programme of training, briefings and events.</p> <p>NIPB and DoJ has agreed to undertake a review of the PCSP financial guidelines. Following this review, recommendations will be taken to the Joint committee.</p> <p>NIPB continue to advocate examples of good practice relating to all aspects of PCSP performance and activity. This is currently shared informally through the network of PCSP Managers meetings and a Communications Working Group is currently considering opportunities to share good practice and raise public awareness of PCSPs generally. Board officials will explore further opportunities to promote good practice.</p>
<p><u>PCSP Accruals</u></p> <p>Accepted</p> <p>NIPB will review the process and timing for gathering PCSP accruals for inclusion in our Financial Statements with our colleagues in DoJ to endeavour to reduce the time taken to process quarter 4 claims and consolidate the information for inclusion in the first draft of the Financial Statements.</p>
Target for Implementation
31 March 2014

- 2.13 In accordance with International Standards on Auditing we have to consider significant weaknesses identified in our prior year audit. There were no Priority 1 recommendations made in our prior year Report to those charged with Governance. The Audit Committee should continue to track progress on the Priority 2 and Priority 3 points.

Section 3: Identified Misstatements

- 3.1 This section contains details of adjustments made to the financial statements during the course of the audit, as well as unadjusted misstatements which are not considered material in the context of the financial statements as a whole.
- 3.2 We do not consider that the adjusted or unadjusted misstatements indicate a significant weakness in accounting or control which needs to be reflected in the Governance Statement.

Significant adjustments made to the financial statements

- 3.3 As a result of our audit, adjustments were requested in respect of the presentation of some figures in the first draft of the financial statements presented for audit. As noted previously the draft Annual Report also required some additional work to correct omissions etc. As indicated at the planning stage by finance staff, the first draft did not include the PCSP accrual information. Otherwise there was one adjustment made as a result of the audit process, as follows:

Description of adjustments	Account area	SoCNE		SoFP	
		Debit	Credit	Debit	Credit
		£'000	£'000	£'000	£'000
Duplicate accrual	Payables	9			
	Expenditure				9
Net effect		9			9

Unadjusted misstatements or uncertainties arising from the audit

- 3.4 We are obliged to bring to your attention the misstatements found during the course of the audit that have not been corrected, unless they are 'clearly trivial', which we have identified as below £1,297. There were no unadjusted errors.

Section 4: Other Matters of Governance Interest

- 4.1 International Standard on Auditing 260 requires us to communicate with those charged with governance any other audit matters of governance interest. These include matters which have come to our attention which may present future risks, enhance overall governance or where those charged with governance might wish to seek assurance on controls and processes.

Fraud and Regularity

- 4.2 We are required by Auditing Standards to report to you if we identify a fraud or obtain information that indicates that a fraud may exist. We found no such instances during our testing.
- 4.3 In addition, we are not aware of material weaknesses in the design or implementation of internal controls to prevent and detect fraud.
- 4.4 In the course of our audit we have not identified any suspected or non-compliance with the laws and regulations.

Going concern

- 4.5 In the course of our audit, we have not identified any material uncertainties relating to events and conditions that may cast doubt on the entity's ability to continue as a going concern.

Management of information and personal data

- 4.6 DFP issued guidance in 2008 regarding the management of information and personal data, and government entities were required to review their compliance arrangements and to disclose any specific data incidents. Those charged with governance should ensure they have made sufficient enquiries of management to form a view on NIPB's progress in implementing DFP recommendations, and that the disclosures in the Governance Statement reflect this. Additionally those charged with governance should seek assurance on any data related incidents which may require disclosure. We are unaware of any data handling incidents during the year. Confirmation of this is sought within the letter of representation (Annex A).

Statement on personal data

- 4.7 During the course of our audit we have access to personal data to support our audit testing. We have established processes to hold this data securely within encrypted files and to destroy it where relevant at the conclusion of our audit. We can confirm that we have discharged those responsibilities communicated to you in accordance with the requirements of the Data Protection Act 1998.

Disagreements with management

- 4.8 There are no audit disagreements with management, about matters that individually or in aggregate could be significant to the financial statements to report.

Co-operation with other auditors

Internal Audit

- 4.9 We liaised with Internal Audit and placed some reliance upon their work where it covered areas of joint interest. In 2012-13 this included work performed by Internal Audit on PCSPs. We have considered this work as part of our audit approach in this area and is mentioned earlier in Sections 1 and 2. We have not placed direct reliance on any other work undertaken by internal audit in the period.

Independence, integrity & objectivity of auditors

- 4.10 The NIAO's policy to ensure independence, integrity and objectivity of our auditors was set out in our Audit Strategy. Overall, the threat to the audit arising from issues affecting our independence, integrity and objectivity is low, and the safeguards in place ensure that the likelihood of any impact is low.

Section 4: Other Matters of Governance Interest

- 4.11 We have complied with FRC Ethical Standards and, in our professional judgement, we are independent and our objectivity is not compromised. There are no relationships between NIAO and NIPB that we consider to bear on our objectivity and independence.

Other matters of interest

- 4.12 We are not aware of any other issues to be raised.

Complaints procedure

- 4.13 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 – Letter of Representation

[Client Letterhead]

The Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT 7 1EU

LETTER OF REPRESENTATION: NORTHERN IRELAND POLICING BOARD 2012-13

I acknowledge as Chief Executive of the Northern Ireland Policing Board (NIPB) my responsibility for preparing accounts that give a true and fair view of the state of affairs, net operating cost, and cash flows of the Northern Ireland Policing Board NIPB for the year ended 31 March 2013.

In preparing the accounts, I was required to:

- observe the accounts direction issued by the Department of Justice (DOJ), including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis; and
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts; and prepare the accounts on a going concern basis on the presumption that the NIPB will continue in operation.

I confirm that for the financial year ended 31 March 2013:

- neither I, nor my staff, nor the Policing and Community Safety Partnerships receiving grant funding, have authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money Northern Ireland;
- having considered and enquired as to the NIPB's compliance with law and regulations, I am not aware of any actual or potential non-compliance that could have a material effect on the ability of the NIPB to conduct its business or on the results and financial position disclosed in the accounts;
- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by the NIPB have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management meetings which you have requested have been supplied to you; and
- all Related Parties and Related Party Transactions involving Board Members and other senior staff of the NIPB have been properly disclosed.

All material accounting policies as adopted are detailed in note 1 to the accounts.

INTERNAL CONTROL

I acknowledge as Chief Executive my responsibility for the design and implementation of internal controls to prevent and detect error and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated.

I confirm that I have reviewed the effectiveness of the system of internal control and that the disclosures I have made are in accordance with DFP guidance on the Governance Statement.

Annex A – Letter of Representation

FRAUD

I acknowledge as Chief Executive my responsibility for the design and implementation of internal controls to prevent and detect fraud and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

I am not aware of any fraud or suspected fraud affecting the NIPB and no allegations of fraud or suspected fraud affecting the financial statements has been communicated to me by employees, former employees, analysts, regulators or others.

ASSETS

General

All assets included in the Statement of Financial Position were in existence at the reporting period date and owned by the NIPB and are free from any lien, encumbrance or charge, except as disclosed in the accounts. The Statement of Financial Position includes all non-current assets owned by the NIPB.

Non Current Assets

All assets over £1,000 are capitalised. They are revalued annually using historical cost convention modified to include the revaluation of non-current assets by reference to their current cost. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the NIPB's operations.

A prior period adjustment was made to reflect a revaluation of intangible assets to ensure compliance with IAS 38.

Other Current Assets

On realisation in the ordinary course of the NIPB's operations the other current assets in the Statement of Financial Position are expected to produce at least the amounts at which they are stated. Adequate provision has been made against all amounts owing to NIPB which are known, or may be expected, to be irrecoverable.

LIABILITIES

General

All liabilities have been recorded in the Statement of Financial Position. There were no significant losses in the year and no provisions for losses were required at the year end.

Provisions

Provision is made in the financial statements for:

- Early Departure Costs (£73,000):
NIPB provides for the additional cost of benefits beyond the normal PCSPS(NI) benefits in respect of employees who retire early. The provision covers pension costs from the date of their retirement until they reach normal pensionable age. The provision relates to the full costs of the restructuring exercise. Pension costs will be released over the period to which they relate.
- Legal Cases (£52,000):
There are currently a number of outstanding legal cases in which the Board is named as defendant.
- Equal Pay (£nil):
This provision represents the Board's obligations arising from the remaining settlement payment to be made to seconded NICS/PSNI staff at AA, AO, EOII and analogous grades as the result of an agreement with

Annex A – Letter of Representation

NIPSA in respect of Equal Pay. This provision was cleared in the period following the case being heard in court.

- Medical Appeals (£34,000):
This provision relates to outstanding appeals for the non-award of medical pensions and injury on duty pensions as a result of the percentage of disablement awarded, before and after review or due to the implementation date of the award for serving and former PSNI officers.
- Injury on Duty (IOD) Cases (£89,000):
This provision relates to the legal costs of outstanding cases where serving and former PSNI officers apply for medical retirement and/or injury on duty awards.

Contingent Liabilities

Other than the contingent liabilities noted in the accounts, I am not aware of any pending litigation which may result in significant loss to the NIPB, and I am not aware of any action which is or may be brought against the NIPB under the Insolvency (Northern Ireland) Order 1989 and the Insolvency (Northern Ireland) Order 2005.

OTHER DISCLOSURES

Results

Except as disclosed in the accounts, the results for the year were not materially affected by transactions of a sort not usually undertaken by the NIPB, or circumstances of an exceptional or non-recurring nature.

Unadjusted errors

No unadjusted errors have been brought to my attention above the clearly trivial amount of £1,400.

Events after the Reporting Period

Except as disclosed in the accounts, there have been no material changes since the reporting period date affecting liabilities and commitments, and no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should have been brought to notice.

Personal Data

I am unaware of any data handling incidents involving personal data during the year.

Delegation of Authority for minor changes to the Annual Report and Accounts

In the event that minor subsequent amendments are required to the audited parts of the Annual Report or the financial statements after I have signed them, I authorise the Finance Manager, Brian McDonald, to make the changes on my behalf.

Sam Pollock
Chief Executive
27 June 2013

NORTHERN IRELAND POLICING BOARD

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Northern Ireland Policing Board for the year ended 31 March 2013 under the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, 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 Chief Executive and auditor

As explained more fully in the Statement of the Northern Ireland Policing Board and Chief Executive's Responsibilities, the Chief Executive, as accounting officer, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to examine, certify and report on the financial statements in accordance with the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Financial Reporting Council'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 read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements 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 2013 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Justice directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with DOJ directions issued under the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010; and
- the information given in the Management Commentary 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 and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

*KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU*

1 July 2013