

Audit Completion Report

Police and Crime Commissioner for North Yorkshire – year ended 31
March 2014

September 2014



Mazars LLP
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Mrs J Mulligan
Police and Crime Commissioner for North Yorkshire
Office of the Police and Crime Commissioner
12 Granby Road
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3 September 2014

Dear Mrs Mulligan

Audit Completion Report – Year ended 31 March 2014

We are delighted to present our Audit Completion Report for the year ended 31 March 2014. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and areas of management judgement was outlined in our Audit Strategy Memorandum dated 6 March 2014. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and areas of management judgement remain appropriate.

We would like to take this opportunity to express our thanks to your officers for their assistance during the course of our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0191 383 6314 or cameron.waddell@mazars.co.uk

Yours sincerely

Cameron Waddell

Mazars LLP

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Our reports are prepared in the context of the Audit Commission’s ‘Statement of responsibilities of auditors and audited bodies’. Reports and letters prepared by appointed auditors and addressed to Non-Executive Directors, Directors or managers are prepared for the sole use of the audited body and we take no responsibility to any Non-Executive Director, Director or Manager in their individual capacity or to any third party.

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01 Executive summary

Purpose of this document

This document has been prepared to communicate the findings of our audit for the year ended 31 March 2014 to the Police and Crime Commissioner for North Yorkshire (the Commissioner) and forms the basis for discussion at the Joint Independent Audit Committee meeting on 22 September 2014.

Our communication with you is important to:

- share information to assist both the auditor and those charged with governance to fulfil our respective responsibilities;
- provide you with constructive observations arising from the audit process;
- ensure, as part of the two-way communication process, we gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing the Commissioner; and
- receive feedback from yourselves as to the performance of the engagement team.

As outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK and Ireland) which means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement. Section 2 of this report includes our conclusions on the significant risks and areas of management judgement that we set out in our Audit Strategy Memorandum.

We also set out details of internal control recommendations in section 3 and a summary of misstatements discovered as part of the audit in section 4.

Status and audit opinion

We have substantially completed our audit of the financial statements for the year ended 31 March 2014.

At the time of preparing this report, we are awaiting receipt of the information we require from the local government pension fund administering authority's auditor (Deloitte LLP).

The following matters remain outstanding, and are usually done just prior to signing the audit opinion:

- review of the amended financial statements;
- review of post balance sheet events; and
- review on receipt of management representation letter.

We will provide an update to you in relation to the significant matters outstanding above through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we anticipate:

- issuing an unqualified opinion, without modification, on your statement of accounts; and
- concluding that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

We also anticipate completing our work in respect of your Whole of Government Accounts submission in line with the group instructions issued by the National Audit Office by the deadline of 3 October 2014.

Our proposed audit report is set out in Appendix B.

02 Significant findings

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding the significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. We have also concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgement

Management override of controls (relevant to single entity and group accounts)

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Our audit has provided the assurance we sought, and not highlighted any issues in this area to report.

Revenue and expenditure recognition (relevant to single entity and group accounts)

Description of the risk

There is a risk of fraud in the financial reporting relating to revenue and expenditure recognition due to the potential to inappropriately record revenue and expenditure in the wrong period. Due to there being a risk of fraud in revenue and expenditure recognition we consider it to be a significant risk on all audits.

How we addressed this risk

We evaluated the design and implementation of controls over year-end accruals and performed procedures to establish that expenditure and income are included in the correct year.

Audit conclusion

Our audit has provided the assurance we sought, and not highlighted any issues in this area to report.

Accounting for the Impact of Police Reform (relevant to single entity accounts)

Description of the risk

The issue of whether items should be recognised in the Commissioner or Chief Constable accounts is a direct consequence of the requirement in the Police Reform and Social Responsibility Act 2011. This Act set up two separate corporation soles, one for the Commissioner and one for the Chief Constable and gave flexibility to local areas to implement local arrangements for managing responsibilities and delegations. As a result of this flexibility, accounting arrangements vary across the country in order to reflect local circumstances and there is no single solution to the accounting requirements for police bodies. Instead, management must use professional judgment to determine the accounting treatment that best reflects local arrangements.

How we addressed this risk

On an ongoing basis we have discussed the approach to, and judgements made by, management in determining the accounting treatment that best reflects the arrangements that have been put in place for North Yorkshire.

On receipt of the financial statements we:

- tested the basis of allocating income/funding, expenditure, assets and liabilities between the single entity financial statements of the Commissioner and Chief Constable;
- ensured that disclosure requirements are met for the single entity and group accounts; and
- tested the group accounts.

Audit conclusion

Our audit has provided the assurance we sought, and not highlighted any issues in this area to report.

Pensions entries (IAS 19) (relevant to single entity and group accounts)

Description of the risk

The financial statements contain material pensions entries in respect of retirement benefits.

The calculation of these pensions figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions.

This results in an increased risk of material misstatement.

How we addressed this risk

We discussed with key contacts any significant changes to the pensions estimates prior to the preparation of the final accounts.

In addition to our standard programme of work in this area, we:

- evaluated the management controls you have in place to assess the reasonableness of the figures provided by the actuaries; and
- considered the reasonableness of the actuaries outputs, referring to an expert's report on all actuaries nationally which is commissioned annually by the Audit Commission.

Audit conclusion

Subject to review of the response from the local government pension scheme auditor, our audit has provided the assurance we sought, and not highlighted any issues in this area to report.

Property, Plant and Equipment Valuations (relevant to single entity and group accounts)

Description of the area of management judgement

Valuations of these assets, in particular of land and buildings, require work from an expert valuer. Valuations of buildings must reflect both the condition of the building but also the valuation basis for that class of building as required by the CIPFA 'code'.

How we addressed this area of management judgement

We:

- examined the professional qualifications and assumptions used by your valuer in making valuations, ensuring that these have been done on the correct basis for each item;
- assessed whether the report produced by the valuer has been correctly reflected in the accounts; and
- assessed the reasonableness of your asset valuations in the financial statements using the work of our expert, Gerald Eve.

Audit conclusion

Our audit has provided the assurance we sought, and not highlighted any issues in this area to report.

Accounting policies and disclosures

We have reviewed the Commissioner's accounting policies and disclosures and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting.

Significant matters discussed with management

We discussed two significant matters with management, other than our usual discussions as part of gathering our audit evidence. They were:

- the presentation and disclosure requirements in respect of the new arrangements since the introduction and transition from the former North Yorkshire Police Authority to the Police and Crime Commissioner and Chief Constable; and
- the classification of the council tax debtor/creditor owed to/from the Commissioner at the year end. This is presented and classified in the Commissioner's accounts as 'other' as management take the view the money is owed to/from council tax payers. There is little guidance on the issue, but it could be viewed that as the money is paid via the local council then the debtor/creditor should be disclosed as 'local authority'; some other local bodies do take this approach. The amounts are not material, and given the lack of guidance, we did not consider that management's view was inappropriate.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

03 Internal control recommendations

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made. Our findings and recommendations are set out below.

Our audit did not identify any material matters in respect of internal control to bring to your attention.

04 Summary of misstatements

We set out below the misstatements identified during the course of the audit, above the trivial level, for adjustment.

We are required to bring to your attention the misstatements found during the course of audit that have not been corrected, unless they are clearly trivial. We have no such issues to report.

Our audit identified the following amendments which management have agreed to adjust:

- In 'Group' entries, the incorrect classification relating to Pension asset interest as a re-measurement of the pension defined liability required the following amendments:
 - Group CIES: reduced the CIES financing and investment income expenditure by £4.708 million, and also note 8;
 - Group CIES: increased the CIES surplus or deficit on the re-measurement of defined benefit liability by £4.708 million, and also note 26;
 - Group MiRS: General Fund deficit in provision of services (accounting basis) increased by £4.708 million;
 - Group MiRS: General Fund adjustments between accounting basis and funding basis under regulation reduced by £4.708 million, and also in note 1;
 - Group Note 3c pensions reserve: re-measurement of pension assets and liabilities requires reduced by £4.708 million, and the reversal in the CIES increased by £4.708 million; and
 - Group Cash flow statement: net deficit on provision of services reduced by £4.708 million, and movement in pension liability increased by £4.708 million.

Disclosure amendments

Our audit identified the following disclosure amendments which management have agreed to amend:

- Note 12(f) grant Income: required amendment as it did not include all grants received. The total has changed from £2.645 million to £9.301 million;
- following the issuing of decision notice 09/2014 by the Commissioner to reassess the Northern base scheme, it has been agreed that a post balance sheet disclosure note be added in relation to this decision notice;
- a small number of minor changes to the Annual Governance Statement, to ensure compliance with the requirements of the code; and
- a small number of other minor consistency and presentational amendments.

05 Value for money (VfM)

We are required to conclude whether the Commissioner has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do this by considering the Commissioner's arrangements against two criteria specified by the Audit Commission.

In the Audit Strategy Memorandum we identified significant risks relevant to the VfM conclusion. We detail below how we have addressed these risks and our conclusions.

We intend to issue an unqualified VfM conclusion as set out in Appendix B.

Significant Value for Money risks

Financial resilience: Medium Term Financial Planning

Description of the risk (as identified in our Audit Strategy Memorandum dated June 2014)

There are risks if:

- the assumptions used in the Medium Term Financial Plan (MTFP) are not correctly applied;
- budget monitoring which supplies data to the MTFP is not robust; and
- savings plans are not achieved and in particular, the move to new Northern base and closure of Newby Wiske HQ is delayed meaning that projected efficiencies are delayed.

How we addressed this risk

To update our audit knowledge and ensure that the arrangements in place are adequate we:

- reviewed and updated our knowledge in respect of the budget monitoring system;
- assessed the medium term financial plan to ensure that the planning assumptions are reasonable and that the funding update from central government issued in mid-December 2013 has been included in the updated plan; and
- reviewed minutes of Executive meetings and Crime Panels to ensure that the asset management plan is on target and in particular the development of the new Northern Police Base and the closure of Newby Wiske are correctly included in the MTFP.

Conclusion

We:

- updated our knowledge of the budget monitoring system and identified no issues in respect of budget monitoring data which feeds into the MTFP;
- identified no issues in respect of assumptions in the MTFP which were robust and correctly applied; and
- reviewed the minutes of relevant meetings and found that the asset management plan was on target. At the time we undertook our work (April 2014) we found that the finance implications of the move to the northern base were included in the MTFP, but clearly this has now moved on with the Commissioner's recent decision to review the size and location of the new northern base in light of changing operational demands.

We are therefore able to conclude that the risks identified to our audit have been mitigated.

Securing the 3Es: Medium Term Financial Planning, and stage 2 transfer arrangements

Description of the risk (as identified in our Audit Strategy Memorandum dated June 2014)

There are risks if:

- spending reductions are not achieved including where this is based on collaboration and there is insufficient use of comparative data (specifically that provided by HMIC); and
- the stage 2 transfer arrangements are not included in the MTFP and do not represent value for money.

How we addressed this risk

To update our audit knowledge and ensure that the arrangements in place are adequate we:

- assessed the MTFP to ensure that the planning assumptions are reasonable and that the funding update from central government issued in mid-December 2013 has been included in the updated plan;
- assessed the use of HMIC data and option appraisal in formulating the MTFP and measuring its success;
- investigated the collaboration arrangements that are in place and proposed and ensure that there is no evidence of poor value for money; and
- assessed the impact of the stage 2 transfer arrangements and ensured that the financial implications have been included in the MTFP and there is no evidence of poor value for money.

Conclusion

We:

- identified no issues in respect of assumptions in the MTFP which were robust and correctly applied;
- found that HMIC data and option appraisal had been used in formulating the plan;
- reviewed collaboration arrangements and found that arrangements had been reviewed internally, and there is growing emphasis in this area;
- stage 2 had been factored into the MTFP, and there was no evidence of poor VfM.

We are therefore able to conclude that the risks identified to our audit have been mitigated.

Appendix A – Draft management representation letter

To be provided to us on headed note paper

[Date]

Dear Sir/Madam

Police and Crime Commissioner for North Yorkshire - audit for year ended 31 March 2014

This representation letter is provided in connection with your audit of the statement of accounts for the Police and Crime Commissioner for North Yorkshire (the Commissioner) for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the statement of accounts and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the organisation you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Finance Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all relevant meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Commissioner's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Commissioner in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Commissioner have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error. I have disclosed to you:

- all the results of my assessment of the risk that the statement of accounts may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Commissioner involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Commissioner's statement of accounts communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. I have disclosed to you the identity of the Commissioner's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the statement of accounts as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Yours faithfully

Chief Finance Officer

Appendix B – Draft audit report

Independent auditor's report to the Police and Crime Commissioner for North Yorkshire

Opinion on the financial statements

We have audited the financial statements of the Police and Crime Commissioner for North Yorkshire for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the PCC and Group Movement in Reserves Statement, the PCC and Group Comprehensive Income and Expenditure Statement, the PCC and Group Balance Sheet, the PCC and Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the Police and Crime Commissioner for North Yorkshire in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us 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 Police and Crime Commissioner's and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword and the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for North Yorkshire as at 31 March 2014 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters

In our opinion, the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 and the December 2012 addendum;
- We issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- We designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Police and Crime Commissioner to consider it at a public meeting and to decide what action to take in response; or
- We exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Police and Crime Commissioner for North Yorkshire is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Police and Crime Commissioner for North Yorkshire has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Police and Crime Commissioner for North Yorkshire has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the arrangements for securing economy, efficiency and effectiveness are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission, as to whether the Police and Crime Commissioner for North Yorkshire has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner for North Yorkshire put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Police and Crime Commissioner for North Yorkshire had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that, in all significant respects, the Police and Crime Commissioner for North Yorkshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

[Signature]

Cameron Waddell CPFA

For and on behalf of Mazars LLP, Appointed Auditors

The Rivergreen Centre

Aykley Heads

Durham, DH1 5TS

[Date]

Appendix C – Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.