

# Audit Completion Report

Police and Crime Commissioner for North Yorkshire – year ended 31 March 2015

September 2015



Mazars LLP  
The Rivergreen Centre  
Aykley Heads  
Durham  
DH1 5TS

Mrs J Mulligan  
Police and Crime Commissioner for North Yorkshire  
Office of the Police and Crime Commissioner  
12 Granby Road  
Harrogate  
North Yorkshire  
HG1 4ST

11 September 2015

Dear Mrs Mulligan

**Audit Completion Report – Year ended 31 March 2015**

We are delighted to present our Audit Completion Report for the year ended 31 March 2015. 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 9 March 2015. 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](mailto:cameron.waddell@mazars.co.uk)

Yours sincerely

Cameron Waddell  
Mazars LLP

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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 2015 to the Police and Crime Commissioner for North Yorkshire (the Commissioner) and group, and forms the basis for discussion at the Joint Independent Audit Committee meeting on 21 September 2015.

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;
- 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 2015. We undertook the majority of the work in June 2015, as agreed with management, in order to prepare for the forthcoming timetable changes in 2017 that will see draft accounts having to be available by the end of May and audited accounts available by end of July.

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); and
- awaiting the outcome of national discussions between audit suppliers and the National Audit Office. Having discussed with management the various options for the treatment of the costs and income arising from a decision by the Pension Ombudsmen in May 2015 in respect of incorrect prior calculations made by GAD, we are now awaiting the outcome of national discussions in respect of agreeing the appropriate treatment in the 2014/15 financial statements. We are expecting these discussions to be concluded very soon.

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.

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 2 October 2015.

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. On page 5 we have 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

#### Risk: 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 work on accounting estimates, significant transactions outside the normal course of business and journals has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

#### Risk: Revenue 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 recognition due to the potential to inappropriately record revenue in the wrong period. Due to there being a risk of fraud in revenue 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 income accruals and performed procedures to establish that income is included in the correct year.

##### Audit conclusion

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

## Risk: 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 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, and consideration of the outcome of the national discussions in respect of a recent decision by the Pension Ombudsmen in respect of prior calculations made by GAD (which is ongoing as noted on page 3) our audit has provided the assurance we sought, and not highlighted any further issues in this area to report.

## Key area of management judgement: 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 informing management's decision whether to revalue assets in the year, ensuring that these have been done on the correct basis for each item;
- assessed whether the information/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 and have ongoing discussions with management in respect of two significant matters, other than our usual discussions as part of gathering our audit evidence:

- In May 2015, the Pensions Ombudsmen determined that GAD had used incorrect commutation factors when calculating pension payments in a number of cases. As a result of this, it is likely that the costs associated with those pensioners affected will increase. The Home Office have advised that they will fund the additional costs. Management have included a contingent liability note in the draft statements approved in June 2015, and have proposed some updated wording for the final version of the audited statements. We are now awaiting the outcome of national discussions, as referred to in page on page 3 before we can formally agree the position with management.
- In late April 2015, we received communication from a member of the public requesting information, and highlighting an ongoing civil claim that North Yorkshire Police has funded. We discussed the matter with management to inform our understanding of the circumstances surrounding the issue in line with our responsibilities as external auditors. Due to the nature of the issue we sought an external legal view. Having reviewed the legal view we obtained, we are satisfied that no further action is required on our part in line with our responsibilities as your external auditor. Given we incurred legal costs in relation to this issue, we have advised management that we propose to recharge these costs (£2,500 plus VAT) to the Commissioner.

## 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.

## Modifications required to our audit report

Subject to agreement in respect of the ongoing discussions nationally for the pensions computations issue, described above, we propose an unmodified audit report as set out in Appendix B.

## 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 audit did not identify any material matters in respect of internal control to bring to your attention, and there were no recommendations from the prior year to follow up.



## 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 our audit that have not been corrected, unless they are clearly trivial. We have no such issues to report as management has agreed to adjust all matters identified, unless they are clearly trivial.

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

- CIES taxation and non specific grant income (note 9, PCC and Group) - Legacy council tax grants of £1,532k were included in the analysis as DCLG grants instead of legacy council tax grants.

### Disclosure amendments

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

- Note 26 (Retirement Benefits) – updated to ensure full compliance with the disclosure requirements of the Code; and
- some more minor presentational matters.

## 05 Value for money

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.

| Criteria  | Focus of each criterion   |
|---|---|
| The Commissioner has proper arrangements in place for securing financial resilience.                            | The Commissioner has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future. |
| The Commissioner has proper arrangements for challenging how it secures economy, efficiency, and effectiveness. | The Commissioner is prioritising resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.   |

Our summary assessment of the Commissioner's arrangements is on the next page.

As part of our work, we also:

- review your annual governance statement;
- review the work of other relevant regulatory bodies or inspectorates to the extent the results of the work have an impact on our responsibilities (where applicable); and
- carry out any risk-based work we determined to be appropriate.

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

We intend to issue an unqualified Value for Money conclusion as set out in Appendix B.

### Significant Value for Money risks

#### VFM risk: Financial resilience/3Es: Medium Term Financial Planning

##### Description of the risk

There are increased financial pressures following the central government budget announcement in December 2014 of an additional 5.1% grant cut for 2015/16 and 4 years of budget cuts already having been made. The risk to financial resilience and the 3Es is therefore increased due to these factors.

##### How we addressed this risk

- We:
- assessed the MTFP to ensure that the funding update from central government issued in 2014 had been included in the updated plan; and
  - assessed the MTFP to ensure that it is aligned to the estates strategy and the decision notices in respect of the move from Newby Wiske.

##### Conclusion

Our work provided us with assurance to mitigate our audit risk, and we are satisfied that that the Commissioner has put in place adequate arrangements.

The tables below show commentary alongside each aspect of the two criteria along with our assessment. This is followed by an overall assessment which also provides a reality check on our findings.

## Financial resilience

| Criterion                                      | Aspect               | Commentary  | Arrangements in place |
|--|----------------------|---|-----------------------|
| Arrangements for securing financial resilience | Financial Governance | <p>Like other public sector bodies, the Commissioner faces a number of challenges in this area, including the need to:</p> <ul style="list-style-type: none"> <li>• improve service quality and respond to rising demand within reduced budgets;</li> <li>• deliver required efficiency savings; and</li> <li>• manage the impact of increases on demand linked to demographic changes.</li> </ul> <p>The leadership team has a good understanding of the current economic climate. The Commissioner's Chief Finance Officer is a key member of the leadership team and ensures the financial viability of all decisions taken. Budgets are delegated and performance is regularly monitored.</p> <p>Risk management arrangements are in place and continue to be developed, and workforce planning has dealt with reductions in the overall workforce.</p> | Yes                   |
|  | Financial Planning   | <p>The Commissioner clearly understands the financial challenges and risks and is taking action to resolve the budget gap identified, specifically reviewing the estates strategy. The Commissioner has delivered significant efficiencies in recent years, but recognises that further funding cuts lie ahead, and is planning accordingly.</p> <p>The medium-term financial plan (MTFP) is regularly updated, is matched to the priorities in the Police and Crime Plan, and is updated to take account of emerging factors such as the central government funding reductions and the estates strategy update. There is a balanced budget for 2015/16 and all required savings plans are in place and are fully costed.</p>   | Yes                   |
|  | Financial Control    | <p>The budget report sets out the factors and assumptions impacting on the budget, including service pressures. Financial and corporate planning processes are closely aligned. Cash management and treasury management arrangements are embedded. Financial modelling is a key element of the MTFP. The Police and Crime plan sets out the short, medium and long term priorities for the Commissioner and the Force and is fully aligned to the MTFP.</p>   | Yes                   |

## Securing economy, efficiency and effectiveness

| Criterion  | Aspect                                | Commentary   | Arrangements in place |
|--|---------------------------------------|--|-----------------------|
| Arrangements for challenging economy, efficiency and effectiveness | Prioritising resources                | <p>The Commissioner faces a number of challenges in this area including the need to:</p> <ul style="list-style-type: none"> <li>• deliver significant efficiency savings, which may mean that services are no longer affordable or have to be delivered differently; and</li> <li>• make difficult decisions on priorities and find more efficient or innovative ways to meet responsibilities.</li> </ul> <p>The MTFP is clearly linked to the Police and Crime Plan which sets out the strategic priorities of the Commissioner over the short, medium and long-term and is responsive to changing resources and service decisions. The Commissioner takes a structured approach to cost reductions and prioritising resources, looking at options and delivering change on a business case approach.</p>  | Yes                   |
|  | Improving efficiency and productivity | <p>Leadership is strong and the spending reductions required to date have been achieved.</p> <p>Performance is good overall and the Commissioner is still driving improvement despite the national and local spending reductions. The Commissioner and force proactively monitor themselves against the performance of others using the data supplied by HMIC.</p> <p>The Commissioner has a proven track record of delivering savings and efficiencies, and continues to seek partnerships to join up services to the public whilst delivering efficiency savings. Savings plans are robustly monitored.</p> <p>The Commissioner has recognised the budget gap from 2016-2019 and work has already started to eliminate this gap while considering the impact further cuts will have on service provision. Sickness absence and TOIL is monitored regularly by the leadership team and there have been actions taken to reduce sickness levels.</p> | Yes                   |

## Overall assessment

Having gathered evidence of the Commissioner's arrangements for each criterion we conducted a 'reality check', building upon our existing knowledge of the Commissioner and considering the robustness of our assessment by referring to:

- reports by statutory inspectorates or other regulators;
- achievement of performance and other targets; and
- performance against budgets and other financial targets.

| Evidence  | Auditor assessment  |
|---|---|
| Reports by statutory inspectorates or other regulators  | <p>We considered reports by any statutory inspectorates (HMIC) or other regulatory bodies during the year which might impact on our conclusion.</p> <p>We reviewed the value for money profiles (based on data previously maintained by the Audit Commission, but now available on the Public Sector Audit Appointments website). Based on this review, there were no indicators which would suggest weaknesses in the Commissioner's arrangements, or any information contrary to our knowledge of the Commissioner.</p> |
| Achievement of performance and other targets            | Performance is good overall and North Yorkshire do not appear to be an outlier.   |
| Performance against budgets and other financial targets | The Commissioner has a history of achieving budget targets and a balanced budget has been set for 2015/16.  |

### Value for money conclusion

Having completed our assessment, and having carried out a 'reality check', we can conclude that our initial risk assessment remains appropriate and we can be confident in our conclusion that the Commissioner has adequate arrangements in place for each criterion.

Our proposed unqualified VfM conclusion is set out in our draft auditor's report at Appendix B.

## 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 2015**

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 2015 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 affect 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 2015 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, the Pension Fund accounts 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 2014/15.

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 2015 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 2015 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 2014/15.

#### Opinion on other matters

In our opinion, the information given in the explanatory foreword 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 2015.

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 2015.

## 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.