

Audit Completion Report

Office for North Yorkshire Police, Fire and
Crime Commissioner and the Chief
Constable for North Yorkshire - Year
ended 31 March 2023

April 2024



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Ms Zoë Metcalfe
North Yorkshire Police, Fire and Crime Commissioner
Mrs Lisa Winward
Chief Constable for North Yorkshire

North Yorkshire Police Headquarters
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Northallerton
DL6 1BF

5 April 2024

Dear Police, Fire and Crime Commissioner, Chief Constable and Members of the Joint Independent Audit Committee

Audit Completion Report – Year ended 31 March 2023

We are pleased to present our Audit Completion Report for the year ended 31 March 2023. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented in September 2023. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0191 383 6321.

Yours faithfully

Gavin Barker

Gavin Barker

Director

Mazars LLP

Mazars LLP
The Corner
Bank Chambers
26 Mosley Street
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NE1 1DF

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2022/23 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- IAS 19 Net defined benefit valuation; and
- Valuation of land and buildings (Group and PFCC only).

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. Section 7 outlines our work on the Police, Fire and Crime Commissioner's (PFCC's) and the Chief Constable's (CC's) arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2023. At the time of preparing this report, significant matters remaining outstanding as outlined in section 2.

We will provide an update to the PFCC, CC and the members of the Joint Independent Audit Committee in relation to any matters outstanding at the point this report was written immediately prior to signing the audit opinion through issuance of a follow up letter.



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements of both the PFCC & Group and CC. Our proposed audit opinions for the PFCC & Group are included in the draft auditor's report in Appendix B.



Value for Money

Although our work is not yet complete in relation to the arrangements that the PFCC and CC have in place to secure economy, efficiency and effectiveness in the use of resources, we will report that the significant weakness for the PFCC and the CC from last year's report is also relevant to 2022/23. Further detail on our Value for Money work is provided in section 7 of this report.



Whole of Government Accounts (WGA)

We anticipate completing our work on the PFCC and CC's WGA submission, in line with the group instructions issued by the NAO, once we have issued our opinion on the PFCC and CC's financial statements.



Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Commissioner and Chief Constable and to consider any objection made to the accounts. No questions or objections have been received.









02

Section 02:

Status of the audit

2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Pension Fund auditor assurance		We have not yet received the Pension Fund auditor assurance.
Responses to standard enquiries of management, the PFCC and Chief Constable		We are waiting for responses to our standard enquiry letters sent to management, the PFCC and the Chief Constable.
Bank reconciliation		We need to complete our testing on reconciling items included in the bank reconciliation.
PPE Valuations		We are finalising our work in respect of the valuation of PPE.
Audit review and quality control		Completion of the manager and RI review, and Mazars quality control processes in respect of the audit.
Review of final versions of the accounts and AGS		We need to undertake our review of the final financial statements and AGS.
Completion and closing procedures		We need to undertake a number of closure procedures, including reviewing post balance sheet events made up to the date of signing the audit opinion. We also need a representation letter from management on behalf of the PFCC and CC immediately prior to the issue of the audit opinion.
Whole of Government Accounts (WGA)		We need to issue our assurance statement to the NAO. This cannot be completed until the audit opinion has been signed.



Likely to result in material adjustment or significant change to disclosures within the financial statements.



Potential to result in material adjustment or significant change to disclosures within the financial statements.



Not considered likely to result in material adjustment or change to disclosures within the financial statements.

03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in September 2023. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £5,895k for the Group, £4,209k for the PFCC and £4,634k for the CC using a benchmark of 2% of gross operating expenditure. No changes to the materiality level set at the planning stage have been made.

Use of experts

As detailed in our Audit Strategy Memorandum, management makes use of experts in specific areas when preparing the financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account. There are no changes to our or management's use of experts:

Item of account	Management's expert	Our expert
Pensions Defined Benefits Liability / Asset	Government Actuary's Department (GAD) for police officers; and AON (LGPS)	NAO's Consulting Actuary (PWC)
Property, plant and equipment valuation	NPS Property Consultants Limited	

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Authority that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Authority and the audit approach followed:

Items of account	Service organisation	Audit approach
Payment of pension lump sums and monthly pension payroll to retirees under the Police Pension schemes.	XPS	Walkthrough of transactions as part of planning work. Testing of pensions at the year-end.

04

Section 04: **Significant findings**

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other 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 14 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; and
- any significant difficulties we experienced during the audit.

Significant risks

Management override of controls	Description of the risk
	<p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>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 there is a risk of material misstatement due to fraud on all audits.</p>
	<p>How we addressed this risk</p> <p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> • 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.
	<p>Audit conclusion</p> <p>Based on the work completed to date we do not have any matters to report in respect of management override of controls.</p>

4. Significant findings

IAS 19 Net defined benefit valuation

Description of the risk

The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension 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.

For 2022/23, a net asset position is being reported for the LGPS for the first time.

How we addressed this risk

We have addressed this risk by:

- Discussing with key contacts any significant changes to the pension estimates;
- Evaluating the controls you have in place to assess the reasonableness of the figures provided by the Actuary;
- Considering the Actuary's output, referring to an expert's report on all actuaries nationally;
- Reviewing the appropriateness of key assumptions included within the valuations, comparing them to expected ranges and reviewing the methodology applied to the valuation;
- Considering the adequacy of the disclosures in the financial statements; and
- Liaising with the auditors of North Yorkshire Pension Fund to gain assurance that the controls in place at the Pension Fund have been designed and implemented appropriately. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate.

Audit conclusion

We are waiting to receive the assurance we have requested from the North Yorkshire Pension Fund auditor.

The original Government Actuary's Department IAS 19 Report did not make an allowance for known CPI increases between September 2022 and March 2023. As this was likely to result in a material change, management requested an updated report. The report was provided in December 2023 and this resulted in an increase in the overall pension liability of £27.43m. The financial statements have been amended to reflect this change. Further details of the adjustments made can be seen in section 6 of this report under adjusted misstatements.

For the year ended 31 March 2023 the Local Government Pension Scheme IAS 19 valuation resulted in a net asset position, the asset surplus in year was £799k. When determining the level of the asset that can be recognised in year an asset ceiling calculation was required from the actuary. The asset ceiling for the PFCC's accounts was calculated to be nil. Therefore, none of the asset surplus should be recognised. The financial statements have been amended to reflect this change. Further details of the adjustments made can be seen in section 6 of this report under adjusted misstatements.

4. Significant findings

**Valuation of land and buildings
(PFCC and Group only)****Description of the risk**

The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the PFCC and Group's holding of land and buildings. Although the PFCC and Group uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of land and buildings due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the valuation of land and buildings to be an area of significant risk.

How we addressed this risk

We addressed this risk by:

- Considering the PFCC's arrangements for ensuring that land and building values are reasonable;
- Considering corroborative evidence to assess the reasonableness of the valuations provided by the PFCC's valuer;
- Assessed the competence, skills and experience of the valuer;
- We reviewed the valuation methodology for assets revalued in year, including testing underlying data and assumptions;
- We compared the valuation output with market intelligence, to gain assurance that the valuations are in line with market expectations;
- We reviewed the approach adopted by the PFCC to address the risk that assets not valued in 2022/23 are materially misstated and considered the robustness of this approach in light of the valuation information reported by the PFCC's valuers; and
- We considered the movement in market indices between revaluation dates and the year end to determine whether this indicated that fair values have moved materially over time.

Audit conclusion

Based on the work completed to date we do not have any issues to report.

4. Significant findings

Qualitative aspects of the Commissioner & Group's and Chief Constables accounting practices

We have reviewed the Commissioner & Group, and Chief Constable's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022, appropriately tailored to the Commissioner & Group, and Chief Constable's circumstances.

Draft accounts were received from the PFCC and CC in June 2023 and were of a good quality.

Significant matters discussed with management

During our audit we discussed the following significant matters with management:

- The need to update the police pensions liability in accordance with the revised report provided by GAD in December 2023;
- The need to determine whether an asset ceiling should be applied to the net defined benefit asset recognised within the draft accounts, as well as the need to ascertain the value of the asset ceiling to be applied; and
- We made enquiries of officers in respect of Reinforced Autoclaved Aerated Concrete (RAAC) being present in any PFCC owned buildings and obtained assurance that there was no indication of any material issues affecting the PFCC's assets.

At the point of drafting our report, we have raised the need to include a note to the accounts of the PFCC and Group only (not the CC accounts) under the Narrative Statement, Accounting Policies and Events after the Balance Sheet Date (non-adjusting) explaining the impact of the York and North Yorkshire Combined Authority Order 2023.

The additional disclosures need to reference The York and North Yorkshire Combined Authority Order 2023, that the office of the PFCC will cease to exist on 7 May 2024 but that its police and crime commissioner functions will be transferred to the York and North Yorkshire Combined Authority from that date, and that because services will continue to be provided by another public sector entity, the financial statements are prepared on a going concern basis.

We will need to include an Emphasis of Matter paragraph in our audit report for the PFCC & Group (not currently included in Appendix B). An Emphasis of Matter is not a qualification, but will draw attention to these important disclosures in your financial statements.

The wording of the additional disclosures is being considered by management, and the wording for our audit report will need to be approved through a Consultant Partner Review and technical clearance.

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.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2022/23 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

05

Section 05:

Internal control recommendations

5. Internal control recommendations

As part of our audit of the financial statements, we obtained an understanding of internal controls sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to the Commissioner and Chief Constable any significant deficiencies identified during the course of our work.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have 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. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	1

5. Internal control recommendations

Other recommendations in internal control – Level 3

Description of deficiency

The asset register does not include assets that are older and have a NBV of nil.

Potential effects

The gross cost and accumulated depreciation in respect Intangible Assets and PEE assets could be misstated.

The records of assets held are not complete, this could result in maintenance and opportunities for sales of assets being missed.

Recommendation

All assets that are held should be recorded in the asset register, regardless of age and NBV.

Management response

The assumptions made to cleanse the old asset register data, at the point of IPF migration, were made on the basis to reduce any misstatement to under materiality at NBV level. Detailed working papers exist, dating back to November 22.

The Asset Register data cleansing/migration exercise excluded vehicles and intangibles over a certain age following discussions with Budget Holders as to whether it was likely these assets were still in use considering asset life policy and replacement programmes. The gross cost/depreciation amounts excluded were £8.4m of Vehicles and £1.6m of Intangibles on the basis that these assets should have been recorded as disposals and removed from the Oracle Asset Register in earlier years. It was agreed during the audit to treat these amounts as disposals in 2022/23 to ensure there is no misstatement in the accounts (nor the IPF asset register) as at 31/3/2023 and going forward.

The assets rolled forward onto IPF are complete on the basis of the above - the audit adjustments agreed and actioned in note 16. Therefore there is no risk around maintenance or missed sales opportunities.

Follow up on previous internal control points

Description of deficiency

As part of our work in relation to property valuations we identified that the estates team did not fully understand how the valuer determined the floor area for an element of their valuation.

Potential effects

There is a risk that property valuations are not based on accurate source information.

Recommendation

The estates team work in collaboration with the valuer to ensure that the valuer is using the correct site area data and that the estates team understand the different aspects of the valuation areas.

2022/23 update

Our work in relation to valuations did not identify any instances of their being misunderstandings in relation to the floor areas used in 2022/23 valuations.

06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £177k for the Group, £126k for the PFCC and £156k for the CC. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements

We have not identified any unadjusted misstatements during our work to date.

6. Summary of misstatements

Adjusted misstatements

	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1				
Dr: Re-measurement of the net defined pension liability charged to pension reserve	27,430			
Cr: Pension Fund liability				27,430
Dr: Pension reserve			27,430	
Cr: Movement in reserves statement		27,430		
The original Government Actuary's Department IAS 19 Report did not make an allowance for known CPI increases between September 2022 and March 2023. This resulted in an increase in the overall pension liability of £27.43m.				
2				
Dr: Re-measurement of the net defined liability charged to pension reserve	799			
Cr: Pension Fund liability				799
Dr: Pension reserve			799	
Cr: Movement in reserves statement		799		
The surplus asset on the LGPS was recognised in the financial statements, however the actuary calculated that the surplus recognised should be nil.				
Total adjusted misstatements	28,229	28,229	28,229	28,229

6. Summary of misstatements

Disclosure amendments

We identified the following adjustments during our audit that have been corrected by management:

Note 16 Property, Plant and Equipment (PFCC) – the opening gross cost, accumulated depreciation and in year disposal figures have been updated to include omitted vehicle asset which were disposed of in year. The value of the adjustments is £1,569k.

Note 18 Intangible Assets (PFCC) – the opening gross cost and accumulated depreciation balances have been updated to include intangible assets that had been omitted due to their age. The value of the adjustment made is £8,416k.

Note 21 Financial Instruments (PFCC) and Note 11 Financial Instruments (CC) – amendments have been made to the debtor and creditor figures in the disclosures to adjust for collection fund debtor and creditor balances which are not financial instruments.

In addition to those adjustments detailed above, we identified a small number of minor presentational issues during the audit of the financial statements, these have been amended by management.

07

Section 07:

Value for Money

7. Value for Money

Approach to Value for Money

We are required to consider whether the Commissioner and Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Commissioner and Chief Constable plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Commissioner and Chief Constable ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Commissioner and Chief Constable uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the Commissioner and Chief Constable has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that were brought forward from our 2021/22 audit and which will also apply in the 2022/23 audit.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Commissioner and Chief Constable's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report no later than 3 months after we issue the audit opinion on the financial statements.

Status of our work

We are yet to complete our work in respect of the Commissioner's and Chief Constable's arrangements for the year ended 31 March 2023. Although our work in this area of the audit is ongoing, at the time of preparing this report, the significant weakness in arrangements identified in 2021/22 in relation to the adverse HMICFRS inspection report will be reported as a significant weakness in 2022/23, due to the timing of HMICFRS's report. We provide further details on the identified significant weaknesses and our recommendations later in this section of our report.

Our draft audit report at Appendix B outlines that although we have not yet completed our work in relation to the Commissioner's and Chief Constable's arrangements, we have matters to report in respect of significant weaknesses in arrangements. As noted above, our commentary on the Authority's arrangements will be provided in the Auditor's Annual Report.

7. Value for Money

Follow up of previously-reported significant weaknesses in arrangements – Chief Constable

In November 2023 we reported a significant weakness to the Chief Constable. As part of our work in 2022/23, we will follow up the progress made against the recommendations made. Due to the timing of the HMICFRS report that resulted in the significant weakness the significant weakness and recommendation will be reported in 2022/23. We are yet to complete out work.

Significant weakness in arrangements	Relevant reporting criteria	Our recommendation
<p>1</p> <p>2021/22 HMICFRS PEEL Inspection Report</p> <p>Improving economy, efficiency and effectiveness</p> <p>The 2021/22 HMICFRS inspection report on the Chief Constable and the Force was published in March 2023.</p> <p>HMICFRS raised a specific cause for concern that the Chief Constable had failed to provide sufficient oversight of enabling services and did not have an effective workforce plan or performance management in place.</p> <p>HMICFRS recommended that the Chief Constable should:</p> <ul style="list-style-type: none"> • make sure that senior leaders have effective oversight of the force’s enabling services and the current challenges associated with capability; • develop an effective workforce plan so it can provide a service that meets the policing needs of the community, now and in the future; and • develop and align departmental operational and strategic plans that are informed by accurate information and a detailed performance framework. <p>In our view, HMICFRS’s concerns about oversight of enabling services, the lack of effective workforce planning and the need to improve the performance framework represent a significant weakness in arrangements in relation to how the Chief Constable evaluates the services provided to assess performance and identify areas for improvement under the Economy, Efficiency and Effectiveness criterion in respect of the 2021/22 financial year.</p>	<p>Improving the 3 E’s</p>	<p>We recommend that the Chief Constable should address the cause for concern in relation to oversight of enabling services, the lack of effective workforce planning and the need to improve the performance framework and implements the recommendations made in the HMICFRS inspection report.</p>

7. Value for Money

Follow up of previously-reported significant weaknesses in arrangements – Police, Fire and Crime Commissioner

In November 2023 we reported a significant weakness to the Commissioner. As part of our work in 2022/23, we will follow up the progress made against the recommendations made. Due to the timing of the HMICFRS report that resulted in the significant weakness the significant weakness and recommendation will be reported in 2022/23. We are yet to complete our work.

Significant weakness in arrangements	Relevant reporting criteria	Our recommendation
<p>1</p> <p>2021/22 HMICFRS PEEL Inspection Report</p> <p>Improving economy, efficiency and effectiveness</p> <p>The 2021/22 HMICFRS inspection report on the Chief Constable and the Force was published in March 2023.</p> <p>HMICFRS raised a specific cause for concern that the Chief Constable had failed to provide sufficient oversight of enabling services and did not have an effective workforce plan or performance management in place.</p> <p>HMICFRS recommended that the Chief Constable should:</p> <ul style="list-style-type: none"> • make sure that senior leaders have effective oversight of the force's enabling services and the current challenges associated with capability; • develop an effective workforce plan so it can provide a service that meets the policing needs of the community, now and in the future; and • develop and align departmental operational and strategic plans that are informed by accurate information and a detailed performance framework. <p>In our view, HMICFRS's concerns about oversight of enabling services, the lack of effective workforce planning and the need to improve the performance framework represent a significant weakness in arrangements in relation to how the Chief Constable evaluates the services provided to assess performance and identify areas for improvement under the Economy, Efficiency and Effectiveness criterion in respect of the 2021/22 financial year.</p>	<p>Improving the 3 E's</p>	<p>We recommend that the Police, Fire and Crime Commissioner monitors and reports on the progress made by the Chief Constable to address the cause of concern in relation to oversight of enabling services, the lack of effective workforce planning and the need to improve the performance framework reported by HMICFRS and ensure that the Chief Constable implements the recommendations made in the inspection report.</p>

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

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Dear Gavin

Office of the North Yorkshire Police, Fire and Crime Commissioner for North Yorkshire and Group - Audit for Year Ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of Office of the North Yorkshire Police, Fire and Crime Commissioner and Group (the 'Commissioner and Group') for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022 and applicable law.

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 financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), as amended by the Code Update and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements 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 Commissioner and Group 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 Commissioner and Group and committee 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 International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Commissioner and Group's financial position, financial performance and cash flows.

Accounting estimates

I confirm that any significant assumptions used by the Commissioner and Group 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 company 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 Code, as amended by the Code Update and applicable law.

Appendix A: Draft management representation letter

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.

The Commissioner and Group has 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 and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Commissioner and Group 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 and Group's financial statements 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 Code, as amended by the Code Update and applicable law.

I have disclosed to you the identity of the Commissioner and Group'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 and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Future commitments

The Commissioner and Group has no 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 Code, as amended by the Code Update and applicable law, 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 there to, I will advise you accordingly.

Reinforced Autoclaved Aerated Concrete (RAAC)

I confirm the Commissioner and Group has assessed the potential impact of Reinforced Autoclaved Aerated Concrete on the Commissioner and Group, and in particular whether there are indications of a need for an impairment of the Commissioner and Group's property, plant and equipment balances. I confirm there are no such indications of impairment in those assets.

Other matters

I confirm that I have assessed the impact of the COVID-19 virus pandemic on the Commissioner and Group and the financial statements, including the impact of mitigation measures and uncertainties, and are satisfied that the financial statements and supporting notes fairly reflect that assessment.

I confirm that I have assessed the potential impact of Russian Forces entering Ukraine on the Commissioner and Group, including the impact of mitigation measures and uncertainties, and are satisfied that the financial statements and supporting notes fairly reflect that assessment.

I confirm that I have assessed the impact on the Commissioner and Group, of the on-going Global Banking challenges, whether there is any impact on the company's ability to continue as a going concern, and on the post balance sheet events disclosures. I confirm that our exposure (either direct cash exposure or direct/indirect through investments)with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation, is not material.

I confirm that the Commissioner and Group does not have any outstanding equal pay claims.

Appendix A: Draft management representation letter

Going concern

To the best of my knowledge there is nothing to indicate that the Commissioner and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements (this section will be removed if there are no unadjusted misstatements)

I confirm that the effects of the unadjusted misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of unadjusted misstatements is attached to this letter as an appendix.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code requires 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.

Going concern

To the best of my knowledge there is nothing to indicate that the Commissioner and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Yours sincerely

Chief Finance Officer

Appendix A: Draft management representation letter

Mazars LLP
The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

Dear Gavin

Chief Constable for North Yorkshire - Audit for Year Ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of Chief Constable for North Yorkshire (the 'Chief Constable') for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022 and applicable law.

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 financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), as amended by the Code Update and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements 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 Chief Constable 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 Chief Constable and committee 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 International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Chief Constable's financial position, financial performance and cash flows.

Accounting estimates

I confirm that any significant assumptions used by the Chief Constable 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 company 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 Code, as amended by the Code Update and applicable law.

Appendix A: Draft management representation letter

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.

The Chief Constable has 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 and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Chief Constable 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 Chief Constable's financial statements 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 Code, as amended by the Code Update and applicable law.

I have disclosed to you the identity of the Chief Constable's related parties and all related party relationships and transactions of which I am aware.

Future commitments

The Chief Constable has no 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 Code, as amended by the Code Update and applicable law, 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 there to, I will advise you accordingly.

Other matters

I confirm that I have assessed the impact of the COVID-19 virus pandemic on the Chief Constable and the financial statements, including the impact of mitigation measures and uncertainties, and are satisfied that the financial statements and supporting notes fairly reflect that assessment.

I confirm that I have assessed the potential impact of Russian Forces entering Ukraine on the Chief Constable, including the impact of mitigation measures and uncertainties, and are satisfied that the financial statements and supporting notes fairly reflect that assessment.

I confirm that I have assessed the impact on the Chief Constable, of the on-going Global Banking challenges, whether there is any impact on the company's ability to continue as a going concern, and on the post balance sheet events disclosures. I confirm that our exposure (either direct cash exposure or direct/ indirect through investments) with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation, is not material.

I confirm that the Chief Constable does not have any outstanding equal pay claims.

Going concern

To the best of my knowledge there is nothing to indicate that the Chief Constable will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Appendix A: Draft management representation letter

Unadjusted misstatements (this section will be removed if there are no unadjusted misstatements)

I confirm that the effects of the unadjusted misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of unadjusted misstatements is attached to this letter as an appendix.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code requires 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.

Going concern

To the best of my knowledge there is nothing to indicate that the Chief Constable will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Yours sincerely

Chief Finance Officer

Appendix B: Draft audit report

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

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Police, Fire and Crime Commissioner for North Yorkshire and Group ("the PFCC") for the year ended 31 March 2023, which comprise the PFCC and Group Comprehensive Income and Expenditure Statement, the PFCC and Group Movement in Reserves Statement, the PFCC and Group Balance Sheet, the PFCC and Group Cash Flow Statement, the Group Police Pension Fund Statement and Net Asset Statement and notes to the financial statements, including a summary of significant accounting policies. 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 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the PFCC and Group as at 31st March 2023 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the PFCC and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the PFCC and Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are

described in the relevant sections of this report.

Other information

The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of 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 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis on the assumption that the functions of the PFCC and Group will continue in operational existence for the foreseeable future. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the PFCC and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Appendix B: Draft audit report

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the PFCC and Group, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the PFCC, as to whether the PFCC and Group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the PFCC and Group which were contrary to applicable laws and regulations, including fraud.

We evaluated the Chief Finance Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the PFCC on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing, performing procedures on accounting estimates impacting amounts included in the financial statements and consideration of identified significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the PFCC. As with any

audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the PFCC and Group's arrangements for securing economy, efficiency, and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the PFCC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have not completed our work on the PFCC's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in January 2023, we identified the following significant weakness in the PFCC's arrangements for the year ended 31 March 2023.

In November 2023 we identified a significant weakness in relation to improving economy, efficiency and effectiveness for the 2021/22 year. In our view this significant weakness remains for the year ended 31 March 2023.

Appendix B: Draft audit report

Significant weakness in arrangements – issued in a previous year	Recommendation
<p>2021/22 HMICFRS PEEL Inspection Report</p> <p>Improving economy, efficiency and effectiveness</p> <p>The 2021/22 HMICFRS inspection report on the Chief Constable and the Force was published in March 2023.</p> <p>HMICFRS raised a specific cause for concern that the Chief Constable had failed to provide sufficient oversight of enabling services and did not have an effective workforce plan or performance management in place.</p> <p>HMICFRS recommended that the Chief Constable should:</p> <ul style="list-style-type: none"> • make sure that senior leaders have effective oversight of the force's enabling services and the current challenges associated with capability; • develop an effective workforce plan so it can provide a service that meets the policing needs of the community, now and in the future; and • develop and align departmental operational and strategic plans that are informed by accurate information and a detailed performance framework. <p>In our view, HMICFRS's concerns about oversight of enabling services, the lack of effective workforce planning and the need to improve the performance framework represent a significant weakness in arrangements in relation to how the Chief Constable evaluates the services provided to assess performance and identify areas for improvement under the Economy, Efficiency and Effectiveness criterion in respect of the 2021/22 financial year.</p>	<p>We recommend that the Police, Fire and Crime Commissioner monitors and reports on the progress made by the Chief Constable to address the cause of concern in relation to oversight of enabling services, the lack of effective workforce planning and the need to improve the performance framework reported by HMICFRS and ensure that the Chief Constable implements the recommendations made in the inspection report.</p>

Responsibilities of the PFCC

The PFCC 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.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the PFCC has made 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 PFCC's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the Police, Fire and Crime Commissioner for North Yorkshire, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Police, Fire and Crime Commissioner those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police, Fire and Crime Commissioner, as a body, for our audit work, for this report, or for the opinions we have formed.

Appendix B: Draft audit report

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the PFCC and Group's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the PFCC has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

Gavin Barker Key Audit Partner

For and on behalf of Mazars LLP

The Corner,
Bank Chambers
26 Mosley Street
Newcastle Upon Tyne
NE1 1DF

Date: to be confirmed

Appendix B: Draft audit report

Independent auditor's report to the Chief Constable for North Yorkshire

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Chief Constable for North Yorkshire ("the Chief Constable") for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Police Pension Fund Statement and Net Asset Statement and notes to the financial statements, including a summary of significant accounting policies. 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 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31st March 2023 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of 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 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis on the assumption that the functions of the Chief Constable will continue in operational existence for the foreseeable future. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Chief Constable to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Appendix B: Draft audit report

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Chief Constable, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Chief Constable, as to whether the Chief Constable is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Chief Constable which were contrary to applicable laws and regulations, including fraud.

We evaluated the Chief Finance Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Chief Constable on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing, performing procedures on accounting estimates impacting amounts included in the financial statements and consideration of identified significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Chief Constable. As

with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Chief Constable's arrangements for securing economy, efficiency, and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have not completed our work on the Chief Constable's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in January 2023, we identified the following significant weakness in the Chief Constable's arrangements for the year ended 31 March 2023.

In November 2023 we identified a significant weakness in relation to improving economy, efficiency and effectiveness for the 2021/22 year. In our view this significant weakness remains for the year ended 31 March 2023.

Appendix B: Draft audit report

Significant weakness in arrangements – issued in a previous year	Recommendation
<p>2021/22 HMICFRS PEEL Inspection Report</p> <p>Improving economy, efficiency and effectiveness</p> <p>The 2021/22 HMICFRS inspection report on the Chief Constable and the Force was published in March 2023.</p> <p>HMICFRS raised a specific cause for concern that the Chief Constable had failed to provide sufficient oversight of enabling services and did not have an effective workforce plan or performance management in place.</p> <p>HMICFRS recommended that the Chief Constable should:</p> <ul style="list-style-type: none"> • make sure that senior leaders have effective oversight of the force’s enabling services and the current challenges associated with capability; • develop an effective workforce plan so it can provide a service that meets the policing needs of the community, now and in the future; and • develop and align departmental operational and strategic plans that are informed by accurate information and a detailed performance framework. <p>In our view, HMICFRS’s concerns about oversight of enabling services, the lack of effective workforce planning and the need to improve the performance framework represent a significant weakness in arrangements in relation to how the Chief Constable evaluates the services provided to assess performance and identify areas for improvement under the Economy, Efficiency and Effectiveness criterion in respect of the 2021/22 financial year.</p>	<p>We recommend that the Chief Constable should address the cause for concern in relation to oversight of enabling services, the lack of effective workforce planning and the need to improve the performance framework and implements the recommendations made in the HMICFRS inspection report.</p>

Responsibilities of the Chief Constable

The Chief Constable 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.

Auditor’s responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable has made 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 Chief Constable’s arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the Chief Constable for North Yorkshire, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable, as a body, for our audit work, for this report, or for the opinions we have formed.

Appendix B: Draft audit report

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Chief Constable's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

Gavin Barker Key Audit Partner

For and on behalf of Mazars LLP

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NE1 1DF





Date: to be confirmed

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.

Appendix D: Other communications

Other communication	Response
 <p>Compliance with Laws and Regulations</p>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
 <p>External confirmations</p>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
 <p>Related parties</p>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
 <p>Going concern</p>	<p>We have not identified any evidence to cause us to disagree with the Chief Finance Officer that the functions of the Office of the North Yorkshire Police, Fire and Crime Commissioner for North Yorkshire and Group and the Chief Constable for North Yorkshire will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix D: Other communications

Other communication	Response
 <p>Subsequent events</p>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
 <p>Matters related to fraud</p>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Commissioner and Chief Constable, confirming that:</p> <ul style="list-style-type: none"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Gavin Barker, Director

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