

# Audit Completion Report

Office of the Police and Crime Commissioner for Cleveland

For the year ended 31 March 2017



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# 1. Executive summary

## **Purpose of this report**

The Audit Completion Report sets out the findings of our audit of Office of the Police and Crime Commissioner for Cleveland (the PCC) for the year ended 31 March 2017, and forms the basis for discussion at the Joint Audit Committee meeting on 21 September 2017.

## **The scope of our work and overall summary**

The detailed scope of our work as your appointed auditor for 2016/17 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 include the matters outlined in the following table.

Financial statements	<p>In our Audit Strategy Memorandum, we reported that materiality for the financial statements as a whole was set at £2.8 million for the Group and £2.603 million for the PCC. We have updated our assessment as part of our continuous planning processes and have set materiality at £2.794 million for the group and £2.658 million for the PCC. Our clearly trivial threshold for reporting matters to you has been set at £84,000 for the group and £80,000 for the PCC.</p> <p>We communicated identified significant risks to you as part of our Audit Strategy Memorandum in March 2017. Section 2 of this report outlines the work we have undertaken, and the conclusions we have reached, for each significant risk.</p> <p>At the time of issuing this report, and subject to the satisfactory conclusion of the remaining audit work, we anticipate issuing an unqualified opinion, without modification, on the financial statements. Our draft auditor's report is provided in Appendix C.</p>
Identified misstatements	<p>Our work identified a number of misstatements that have been discussed with management. A summary of the identified misstatements is provided in Appendix A.</p>
Value for Money	<p>At the time of issuing this report, and subject to the satisfactory conclusion of the remaining audit work, we anticipate having no matters to report in respect of the PCC's arrangements to secure economy, efficiency and effectiveness in its use of resources. Our draft auditor's report is provided in Appendix C.</p>
Whole of Government Accounts (WGA)	<p>We anticipate completing our work on your WGA submission, in line with the group instructions issued by the National Audit Office, by the deadline of 29 September 2017. We anticipate reporting that the WGA submission is consistent with the audited financial statements.</p>

### **The status of our work**

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2017. At the time of preparing this report the following significant matters remain outstanding:

Review and closure processes	Including internal quality checks, consistency reviews, agreeing amendments in the statement of accounts and post balance sheet events.
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We will provide an update to you in relation to these outstanding matters in a follow up letter prior to giving our opinion.

## 2. Significant findings

This section sets out the significant findings from our audit and provides information on a number of matters that we are required to report to you by ISA 260 'Communication with those charged with governance'.

### Significant risks

As part of our planning procedures we considered the risks of material misstatement in the PCC's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we will mitigate these risks. No new risks have been identified since we issued our Audit Strategy Memorandum. The significant risks identified, and our conclusions against each are outlined below.

Significant risk	How we addressed the risk	Audit conclusion
<b>Management override of control</b>  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 overrides could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.	Our testing strategy included the following: <ul style="list-style-type: none"><li>• review of material accounting estimates which may be subject to management bias included in the financial statements;</li><li>• consideration and review of unusual or significant transactions outside the normal course of business; and</li><li>• testing of journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements.</li></ul>	We reviewed key areas of management judgement including estimation techniques and concluded that, taking account of materiality, the judgements are reasonable and there is no evidence of unfair bias.  We tested journal entries recorded in the general ledger and other adjustments made in preparing the financial statements and identified no inappropriate transactions. We found no significant transactions that we considered outside the normal course of your activities.  Our work has provided us with the assurance we sought and has not highlighted any material issues to bring to your attention.
<b>Revenue recognition</b>  There is a risk of fraud in financial reporting relating to revenue recognition due to the potential to inappropriately record income in the wrong period. This does not imply we suspect actual fraud, but that we will approach our audit maintaining due professional scepticism.	Our testing strategy included the following:  Evaluating the design and implementation of controls to mitigate the risk of income being recognised in the wrong period. In addition, we will undertake a range of substantive procedures including:	Our work has provided us with the assurance we sought and has not highlighted any material issues to bring to your attention.

Significant risk	How we addressed the risk	Audit conclusion
	<ul style="list-style-type: none"> <li>• testing receipts in March, April and May 2017 to ensure they have been recognised in the right year;</li> <li>• testing material year end receivables; and</li> <li>• testing adjustment journals.</li> </ul>	
<b>Pension transactions and balances</b>  The financial statements contain material pension entries in respect of the 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.	We addressed this risk by discussing with key contacts any significant changes to the pension estimates prior to the preparation of the financial statements for the PCC and Group. In addition to our standard programme of work in this area, we also completed the following: <ul style="list-style-type: none"> <li>• evaluating the management controls you have in place to assess the reasonableness of the figures provided by the Actuary; and</li> <li>• considering the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally which is commissioned annually by PSAA.</li> </ul>	Our work has provided us with the assurance we sought and has not highlighted any material issues to bring to your attention.

#### Qualitative aspects of the Group and PCC's accounting practices

We are required to communicate to you our views on the significant qualitative aspects of the Group and PCC's accounting practices, including the accounting policies used and the quality of disclosures.

Qualitative aspect	Our views
Accounting policies and disclosures	We have reviewed the Group and PCC's accounting policies and disclosures and found these to be in line with the requirements of the Code of Practice on Local Authority Accounting (the Code). In line with our expectations, there have been no significant changes to accounting policies for the year ended 31 March 2017.

Quality of the draft financial statements	We received draft financial statements from management on 30 June 2017 and they were of good quality.
Quality of supporting working papers	Producing high-quality working papers is a crucial part of compiling financial statements that are complete and materially accurate. They also support the delivery of an efficient audit. The PCC produced good quality working papers supporting the financial statements in 2016/17. The audit has progressed smoothly and officers have been very responsive to our queries.

### **Significant matters discussed with management**

There are no significant matters we would like to report that are not covered elsewhere in this report.

### **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.

### 3. Internal control recommendations

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place that are relevant to the preparation of the financial statements. We do this to design audit procedures that allow us to express an opinion on the financial statements; this does not extend to 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.

We have not identified any significant weaknesses in internal control to bring to your attention. There were no issues raised in previous years to follow up.



## 4. Value for Money Conclusion

### Our approach to Value for Money

We are required to form a conclusion as to whether the Authority 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 in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making.
- Sustainable resource deployment.
- Working with partners and other third parties.

Commentary against each of the sub-criteria, and an indication of whether arrangements are in place, is provided below.

Sub-criteria	Commentary	Arrangements in place?
Informed decision making	<p>There is a comprehensive Code of Corporate Governance in place which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government.</p> <p>Scrutiny of the performance of the Chief Constable is undertaken by the PCC who is scrutinised by the independent Police and Crime Panel. The forward plan of decisions combined with open and transparent information schemes enables the Police and Crime Panel to be properly sighted on the decisions of the PCC.</p> <p>The decision making protocol sets out principles for how decisions will be taken by the PCC and the standards to be adopted. The scheme of governance highlights the parameters for decision making, including consents, financial regulations and standing orders for contracts. It also covers the key roles within the organisation.</p> <p>The PCC receives and scrutinises financial and performance information from the Chief Finance Officer for the PCC and also the Chief Constable. The information is provided on a regular basis and is also reported to the Police and Crime Panel. The objectives of the PCC are included in the Police and Crime Plan and all monitoring and reporting is measured against these objectives. The Police</p>	Yes

Sub-criteria	Commentary	Arrangements in place?
	<p>and Crime Plan sets out the strategic direction and objectives and is aligned to the Long Term Financial Plan which is regularly updated.</p> <p>Budget setting and detailed monitoring ensures delivery of revenue and capital plans. The Police and Crime Plan is updated and published annually following consultation with stake holders. The PCC's communication and engagement strategies set out how local people will be involved with the PCC to ensure they are part of decision making, accountability and future direction.</p> <p>The risk management strategy establishes how risk is embedded throughout the various elements of corporate governance of the organisation. Risks are managed using strategic and operational risk registers and all strategic risks are reported to the Joint Audit Committee.</p> <p>A comprehensive internal audit plan is in place which takes into account the strategic priorities of the PCC and the different sources of assurance. There is appropriate challenge by the Joint Audit Committee over coverage and risk areas. The joint Audit Committee receives regular reports on governance issues and reviews the Code of Corporate Governance. This includes the review of the Annual Governance Statement and update reports on progress made in addressing significant governance issues.</p>	
Sustainable resource deployment	<p>There is a Long Term Financial Plan (LTFP) in place which is regularly updated and is linked to the strategic priorities in the Police and Crime Plan. The annual budgets are taken from the LTFP and are monitored monthly and reported to the Police and Crime Panel.</p> <p>There are balanced budgets in place for the next four years. The LTFP is built on a service model that can effectively respond to threat, harm and risk and bring about safer and stronger communities. The LTFP has been produced in liaison with the Chief Constable who is responsible for the policing service which is funded by the Police and Crime Commissioner.</p> <p>A Capital Strategy is in place which reflects the PCC's priorities. All capital schemes are appraised and prioritised to ensure they reflect the key investment requirements in the strategy.</p>	Yes
Working with partners and other third parties	<p>Working with third parties continues to be developed through the use of collaborative arrangements. The PCC has a collaborative agreement with North Yorkshire and Durham for the Evolve Programme where there has been the introduction of an integrated dogs unit for the three Forces. Other collaborative arrangements include the sharing of the PCC's Chief Finance Officer and the setting up of a Major Crimes Team. The PCC also awards grant and funding to community groups to deliver</p>	Yes

Sub-criteria	Commentary	Arrangements in place?
	<p>services in the community. These are all approved by the PCC and are linked to the strategic objectives in the Police and Crime Plan. Collaboration arrangements with other Police and Crime Commissioners and Chief Constables are being actively pursued as are arrangements with other emergency service providers.</p> <p>Services are commissioned by the PCC but the main commissioning is by the Chief Constable which is scrutinised by the PCC. The PCC ensures that the commissioning offers value for money and supports his strategic priorities and scrutinises commissioning on an individual project basis.</p> <p>The organisation has written procedures for procuring products and services, which are within its Code of Corporate Governance. The code is available to all staff and Members of the public and any varying or waiving of standing orders has to be approved by the PCC and is reported to the Police and Crime Panel. The PCC also take part in any national procurement initiatives where appropriate.</p>	

#### **Significant Value for Money risks**

The NAO's guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Authority being inadequate. We have not identified any significant Value for Money risks.

#### **Our overall Value for Money conclusion**

Our draft auditor's report included in Appendix C states that we intend to issue an unqualified Value for Money conclusion for the 2016/17 financial year.

# Appendix A – Summary of misstatements

The misstatements identified for adjustment during the course of the audit that are above the trivial level of £84,000 for the group and £80,000 for the PCC are set out below. The table outlines the misstatements that have been adjusted by management during the course of the audit.

Adjusted misstatements 2016/17					
		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: CIES: Police Officer Pay Costs	2,163			
	Cr: CIES: Police Non Pay Costs		2,163		
	Dr: CIES: OPCC Staff Pay Costs	132			
	Cr: CIES: OPCC Non Pay Costs		132		
<b>Explanation:</b> Police and other staff overtime should be included in the pay line in the CIES rather than the non pay line. This is therefore just a classification amendment. Amounts relating to 2015/16 were also amended totalling £2.128 million (Police) and £104,000 (staff). Related notes were also amended (e.g. Expenditure and Funding Analysis).					

## **Disclosure amendments**

We identified a few minor disclosure errors which have been amended in the financial statements. There was one material amendment to the police pension fund which was due to late guidance and a small number of non-trivial issues which are outlined below.

### **Police Pension Fund**

Late guidance was issued by the Government on 7 September 2017 in relation to the contributions to the Police Pension Schemes for 2016/17. The 'normal contributions receivable' line from the employer of £11.016 million was reduced by £1.32 million as this is now to be shown as 'additional funding payable by the PCC to fund the deficit for the year'. The 2015/16 comparatives were also amended totalling £1.339 million and a disclosure note added. This is a presentational change only as the overall contributions remain the same.

### **Capital Financing (note 33) – MRP**

MRP is shown in Note 33 as (£1,172k) however this should be (£1,572k). This is due to a £400k error on the PFI - Action Stations. This is only an error in the note as other entries had already been corrected. The note has been amended.

### **PFI Future Years Schemes Costs (Note 30)**

We identified two non-trivial errors in the service costs for both Uray Nook (£139k) and Action Stations (£765k) and one non-trivial error for finance costs at Uray Nook (£1,787k). The note has been amended.

### **Officer Emoluments (Note 26 - Group)**

Officers Emoluments for staff remuneration above £50k shows 'Police Officers' in band £80,000 - £84,999 as 2 and band £85,000 - £89,999 as 0, however these should be the other way round as per the Chief Constable accounts (note 9), e.g. band £80,000 - £84,999 as 0 and band £85,000 - £89,999 as 2. The note has been amended.

# Appendix B – Draft management representation letter

[Client address]

[Date]

Dear [Name]

## **Group and Police and Crime Commissioner for Cleveland financial statements - audit for year ended 31 March 2017**

This representation letter is provided in connection with your audit of the statement of accounts for Police and Crime Commissioner for Cleveland (the PCC) and the Group for the year ended 31 March 2017 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 2016/17 (the Code).

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 Code.

### **My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the organisation you determined it was necessary to contact in order to obtain audit evidence.

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

### **Accounting records**

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

### **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code 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 Group and PCC 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 Group and PCC 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 Code.

**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 Group and PCC 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 Group and PCC'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 Code.

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

**Service Concession Arrangements**

I am not aware of any material contract variations, payment deductions or additional service charges in 2016/17 in relation to the Group and PCC's PFI schemes that you have not been made aware of.

**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 Code 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.

**Going concern**

To the best of my knowledge there is nothing to indicate that the Group and PCC 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**

I confirm that the effects of the uncorrected misstatements as included in the auditor's draft Audit Completion Report are immaterial, both individually and in aggregate, to the statement of accounts as a whole.

Yours sincerely

Chief Finance Officer

Date.....



# Appendix C – Draft audit report

## **INDEPENDENT AUDITOR'S REPORT TO THE OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR CLEVELAND**

### **Opinion on the financial statements**

We have audited the financial statements of Police and Crime Commissioner (PCC) and the Group for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the PCC and Group Movement in Reserves Statements, PCC and Group Comprehensive Income and Expenditure Statements, PCC and Group Balance Sheets, PCC and Group Cash Flow Statements, the Group Police Pension Fund Statement and Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the Office of the Police and Crime Commissioner for Cleveland as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for our audit work, for this report or for the opinions we have formed.

### **Respective responsibilities of the Chief Finance Officer and auditor**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, 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 2016/17, 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 and the 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 Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Office of the Police and Crime Commissioner for Cleveland as at 31 March 2017 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 2017 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 2016/17

### **Opinion on other matters**

In our opinion, the information given in the Narrative Statement 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 comply with Delivering Good Governance in Local Government: Framework (2016);
- 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 the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

## **Conclusion on the Office of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### ***Respective responsibilities of the Police and Crime Commissioner and the auditor***

The PCC 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 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner 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 Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

We are required to conclude whether the Police and Crime Commissioner has put in place arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have planned and undertaken our work in accordance with the Code of Audit Practice as issued by the Comptroller and Auditor General, and had regard to relevant guidance. 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 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 criterion issued by the Comptroller and Auditor General, we are satisfied that in all significant respects, the Police and Crime Commissioner has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

***Certificate***

We certify that we have completed the audit of the financial statements of the Police and Crime Commissioner and the Group in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Cameron Waddell

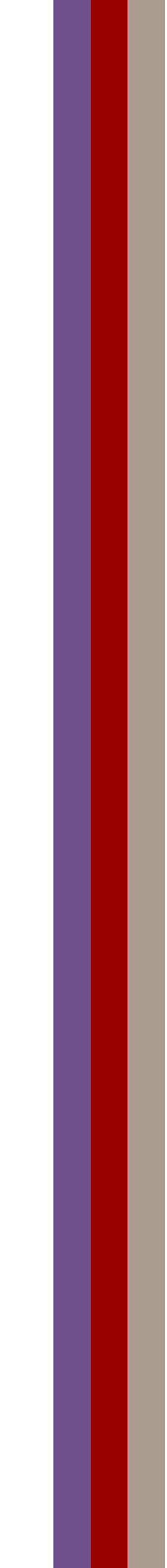
For and on behalf of Mazars LLP

*Salvus House*

*Aykley Heads*

*Durham DH1 5TS*

21 September 2017



# Appendix D – 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.