

**THE OFFICE OF POLICE AND CRIME COMMISSIONER
FOR DERBYSHIRE
DECISION RECORD**

Request for PCC Decision	Received in OPCC Date: 16 November 2016	OPCC Ref: 46/2016
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Title: ANNUAL AUDIT LETTER

Executive Summary:

The Annual Audit Letter from KPMG LLP for the financial year 2015/16 was attached to the report at Appendix A.

The report summarises the key findings for the financial year 2015/16 as determined by the external auditor KPMG LLP for the Police and Crime Commissioner for Derbyshire and the Chief Constable of Derbyshire.

KPMGs report covers the work on the audit of the financial statements for 2015/16 and the arrangements to secure value for money for both the Commissioner and the Chief Constable.

The external auditor has issued an unqualified conclusion on the Commissioner and the Chief Constable's arrangements to secure value for money and no significant risks as part of the VFM conclusion were identified.

In addition, the external auditor has issued an unqualified opinion on the financial statements of the Commissioner and the Chief Constable, believing that both sets of statements give a true and fair view of the financial position of the two bodies at the end of March 2016.

The Annual Audit letter will be further reviewed by the Joint Audit Risk Assurance Committee at their meeting in December.

Decision

- i. That the Commissioner receive and publish the Annual Audit Letter for

2015/16, noting the unqualified opinions for both value for money and on the statements of accounts

- ii. That the Chief Constable receive and publish the Annual Audit Letter for 2015/16 noting the unqualified opinions for both value for money and on the statements of accounts

Declaration

I confirm that I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct for the Police and Crime Commissioner for Derbyshire. Any such interests are recorded below.

Recorded interests: None

The above request has my approval.

Signature

Date 28 November 2016

PUBLICATION SCHEME CONSIDERATIONS

Is the related Section B report to be published Yes

If no, please indicate relevant exemption

Is the publication of this approval to be deferred No

If Yes, provide reasons below

Date to be deferred to –

NB Statutory Instrument 2011/3050 (as amended by SI 2012/2479) states that: *all decisions made by a PCC are in the types of information that must “be published as soon as practicable after it becomes available to the elected local policing body”.*

OFFICER APPROVAL

Chief Executive or Nominee:

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report.

I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner

Name Helen Boffy

Date 28 November 2016



Annual Audit Letter 2015/16

**Police & Crime Commissioner for
Derbyshire and
Chief Constable for Derbyshire**

October 2016



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This report is addressed to the Police and Crime Commissioner/Chief Constable and has been prepared for the sole use of the Police and Crime Commissioner/Chief Constable. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Cardoza, the engagement lead to the Police and Crime Commissioner/Chief Constable, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

<p>This 2015/16 Annual Audit Letter summarises the outcome from our audit work at both the Police and Crime Commissioner (“PCC”) and Chief Constable (“CC”) for Derbyshire in relation to their 2015/16 audit year.</p> <p>Although it is addressed to the PCC and CC, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the PCC and CC’s websites.</p>	<p>VFM conclusion</p>	<p>We issued an unqualified conclusion on both the PCC and CC’s arrangements to secure value for money (VFM conclusion) for 2015/16 on 27 September 2016. This means we are satisfied that during the year the PCC and CC had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.</p> <p>To arrive at our conclusion we looked at the PCC and CC’s arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.</p>
	<p>VFM risk areas</p>	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>We did not identify any significant or specific VFM risks.</p> <p>We have concluded that in all significant respects the PCC and CC have proper arrangements during 2015/16 to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.</p>
	<p>Audit opinion</p>	<p>We issued an unqualified opinion on the PCC and CC’s 2015/16 financial statements on 27 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the PCC and CC and of their respective expenditure and income for the year.</p>
	<p>Financial statements audit</p>	<p>We identified the following issues in the course of the 2015/16 audit:</p> <ul style="list-style-type: none"> — A small number of non significant adjustments to the financial statements, most of which were presentation and disclosure issues. All changes were amended. — A change to the narrative report to highlight the impact of Brexit, following the referendum on the 23 June. <p>In addition, the draft statements had been reviewed and amended by the Audit Committee prior to our audit visit. This resulted in changes to note 10 and note 3, none of which had an impact on the overall balances.</p> <p>Our audit plan identified assurances over the regional collaboration accounts and transactions, the LLP transactions and the new payroll system controls as significant risks or other areas of audit focus for the year. We noted that all of these areas had been appropriately addressed by the PCC and CC.</p> <p>We have had regular meetings with officers throughout the year which has facilitated delivery of the audit and have already discussed how we can work together to secure further improvement next year.</p>

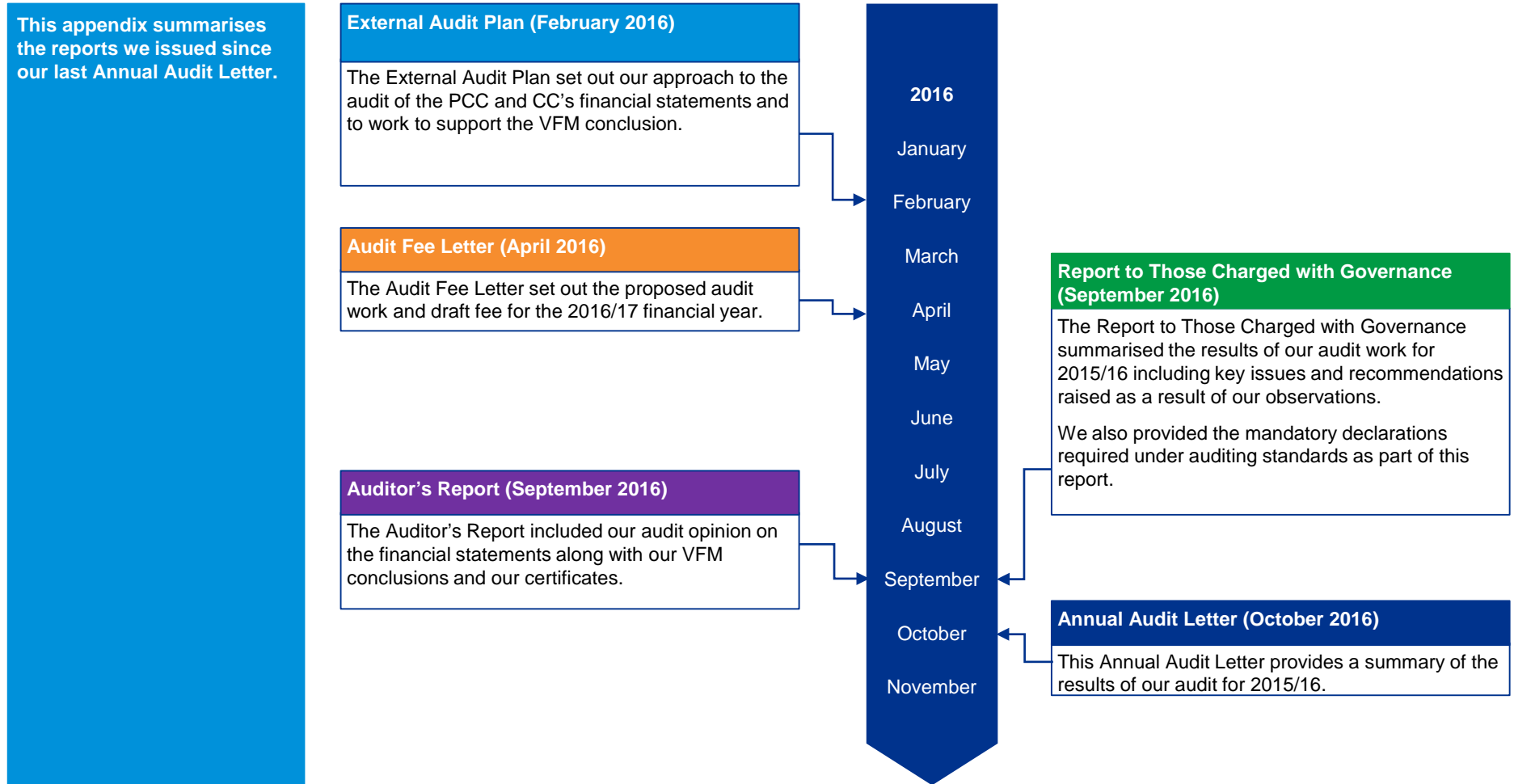
Section one

Headlines (cont)

All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Annual Governance Statement	We reviewed your 2015/16 Annual Governance Statements (for PCC and CC) and concluded that they were consistent with our understanding.
Whole of Government Accounts	The PCC prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the PCC falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.
Certificate	We issued our certificate on 27 September 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.
Audit fee	Our fees for 2015/16 were £31,035 and £15,000, excluding VAT, for the PCC and CC respectively. These were in accordance with our original proposed fees. Further detail is contained in Appendix 2.

Appendix 1: Summary of reports issued



Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the PCC and CC we have summarised below the outturn against the 2015/16 planned audit fees.

External audit

Our final fees for the 2015/16 audits were:

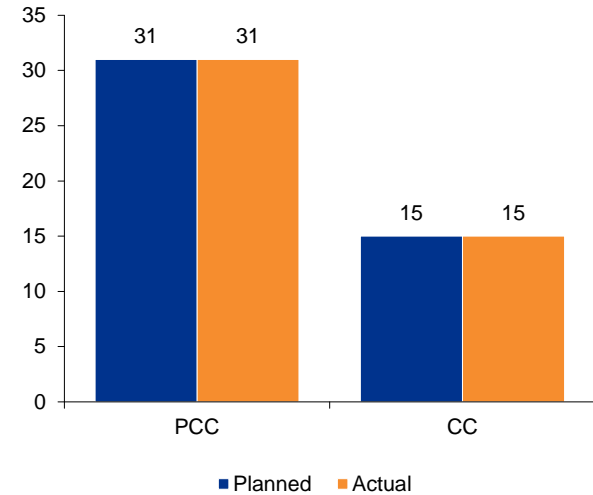
- Police and Crime Commissioner £31,035; and
- Chief Constable £15,000.

Both of these are in line with the planned fees.

Other services

We did not charge any additional fees for other services.

External audit fees 2015/16 (£'000)





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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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