

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

Request for PCC Decision	Received in OPCC Date: 27 November 2017	OPCC Ref: 45/17
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ANNUAL AUDIT LETTER

Executive Summary:

To receive, and therefore publish, the Annual Audit Letter from KPMG LLP for the financial year 2016/2017 as detailed in the attached report.

Decision

- i. That the Commissioner receive and publish the Annual Audit Letter for 2016/17, 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 2016/17 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: Patron of Sporting Futures, as declared on the Register of Disclosable Interests and Hospitality Gifts) and Derby City Councillor.

The above request has my approval.

Signature Hardyal Dhindsa	Date 27 November 2017
PUBLICATION SCHEME CONSIDERATIONS	
Is the related Section B report to be published Yes The report contains commercially sensitive information.	

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: <i>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”.</i>

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 Andrew Dale Date 27 November 2017

STRATEGIC GOVERNANCE BOARD
27 NOVEMBER 2017
JOINT REPORT OF THE CHIEF FINANCE OFFICER AND THE CHIEF
CONSTABLE

10C: ANNUAL AUDIT LETTER 2016/17

1. PURPOSE OF THE REPORT

- 1.1 To receive, and therefore publish, the Annual Audit Letter from KPMG LLP for the financial year 2016/2017.

2. INFORMATION AND ANALYSIS

- 2.1 This report summarises the key findings for the financial year 2016/17 as determined by the external auditor KPMG LLP for the Police and Crime Commissioner for Derbyshire and the Chief Constable of Derbyshire. Although addressed to these two bodies as those responsible for governance, the report is of wider public interest.
- 2.2 External auditors do not act as a substitute for 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. In this, the Commissioner and the Chief Constable are supported by the work of the Joint Audit Risk and Assurance Committee (JARAC).
- 2.3 KPMG's report covers the work on the audit of the financial statements for 2016/17 and the arrangements to secure value for money for both the Commissioner and the Chief Constable. A copy of the Annual Audit Letter is attached to this report at APPENDIX A.
- 2.4 The external auditor has issued an unqualified conclusion on the Commissioner and the Chief Constable's arrangements to secure value for

money. The report did not identify any significant risks as part of the VFM conclusion.

- 2.5 Furthermore 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 2017.
- 2.6 The Annual Audit Letter was reviewed by the JARAC at its meeting on 9 November 2017.

3. RECOMMENDATIONS

- i. That the Commissioner receive and publish the Annual Audit Letter for 2016/17, 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 2016/17 noting the unqualified opinions for both value for money and on the statements of accounts

4. IMPLICATIONS

All implications are assessed and scored to the table below.

HIGH – supporting explanation and narrative required and to be contained within the report

MEDIUM – narrative to be contained within the report at the discretion of the author

LOW – no narrative required

	LOW	MEDIUM	HIGH
Crime & Disorder	X		
Environmental	X		
Equality & Diversity	X		
Financial		X	
Health & Safety	X		
Human Rights	X		
Legal		X	
Personnel	X		

Contact details in the event of enquiries	Name: Andrew Dale External telephone number: 0300 122 6005 Email address: andrew.dale.16973@derbyshire.pnn.police.uk
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BACKGROUND PAPERS: NONE

ATTACHMENTS

Appendix A. Annual Audit Letter 2016/17 October 2017



Annual Audit Letter 2016/17

**Police and Crime Commissioner
for Derbyshire**

&

Chief Constable for Derbyshire

kpmg.com/uk

October 2017

Contents

Report sections

Summary 3

Appendices

1. Summary of reports issued 4

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document 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 Authority, 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.

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Section one

Summary

This 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 the 2016/17 audit year. 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.

VFM conclusion

We issued an unqualified conclusion on both the PCC and CC’s arrangements to secure value for money (VFM conclusion) for 2016-17 on 25 September 2017. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

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.

VFM risk areas

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. We identified one area of focus for our continuing VFM risk assessment, regarding your arrangements for securing financial resilience. We took account of, amongst other things, your 2016-17 outturn and your financial plan for 2017/18 and future years.

For the year ending 31 March 2017, Derbyshire PCC and CC have reported a group surplus of £1.635m. Following accounting/funding basis adjustments and reserve transfers this enabled £1.635m to be added to reserves at the end of the year. Overall, we concluded that in 2016-17, both the PCC and CC had made proper arrangements to ensure they took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Audit opinion

We issued an unqualified opinion on both the PCC and CC’s financial statements on 25 September 2017. This means that we believe the financial statements give a true and fair view of the financial position of both the PCC and CC and of their expenditure and income for the year.

Financial statements audit

No material errors were identified during the audit and there were no uncorrected audit differences that we needed to report. We considered both the PCC and CC’s accounting practices to be appropriate, the draft accounts were published well ahead of the deadline and the quality of supporting working papers was good.

Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding of both the PCC and CC and did not identify any issues.

Certificate

We issued our certificates on 25 September 2017. The certificates confirm that we have concluded the audits for 2016/17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

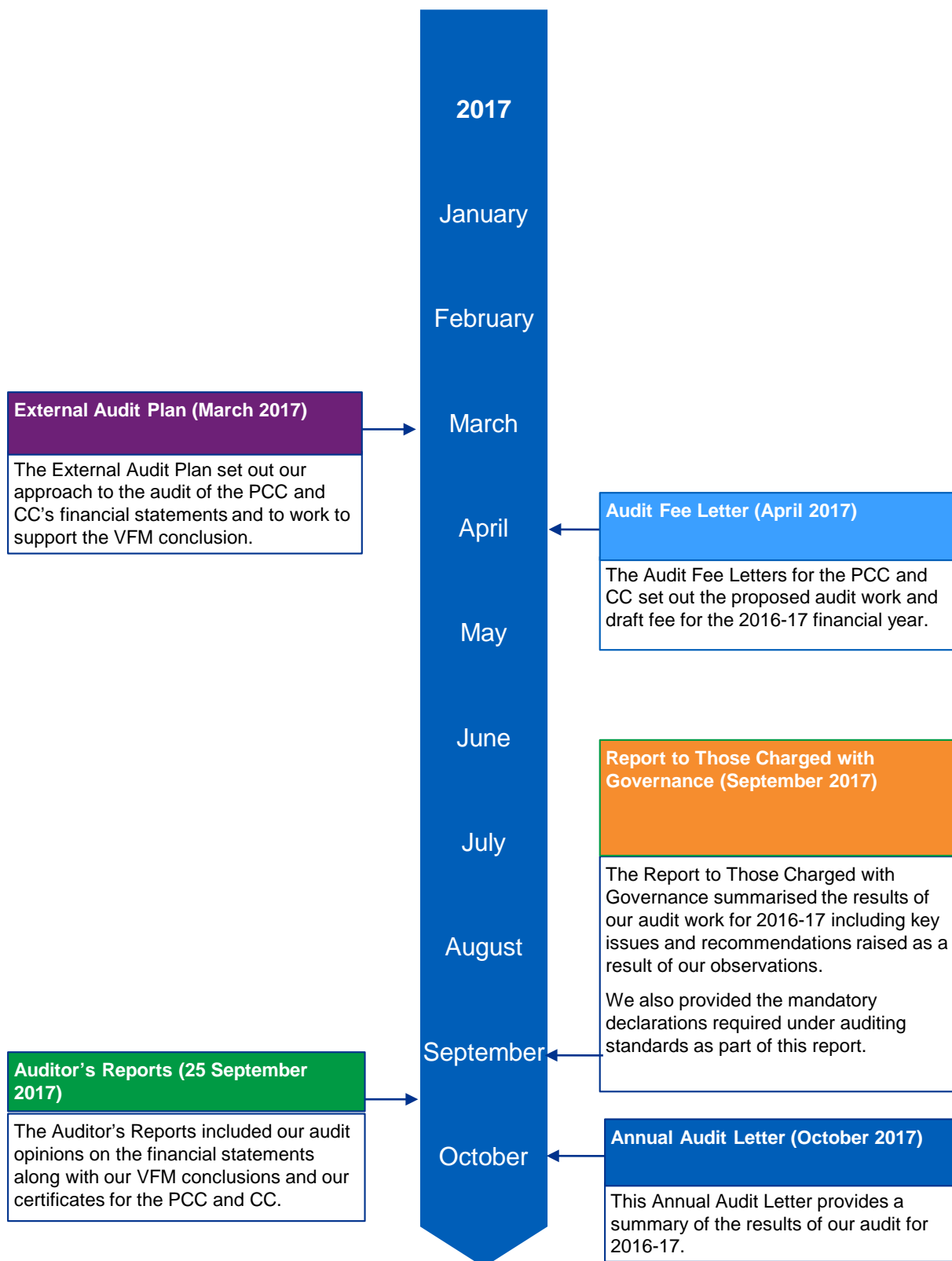
Audit fee

Our audit fees for 2016/17 were for the Police and Crime Commissioner: **£31,035** plus VAT (£31,035 in 2015/16); and for the Chief Constable: **£15,000** plus VAT (£15,000 in 2015/16).

Appendix 1

Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.



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