



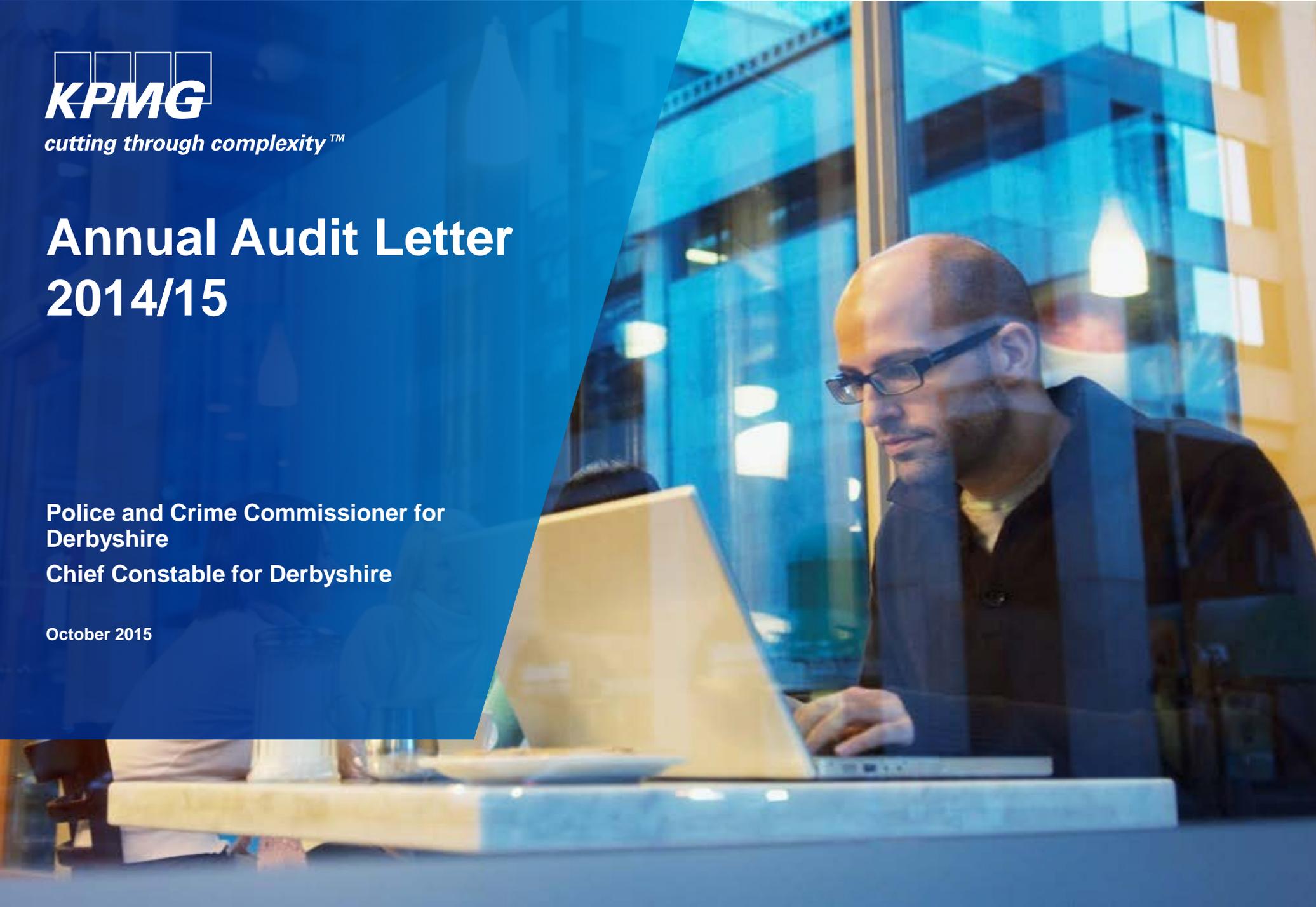
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Annual Audit Letter 2014/15

**Police and Crime Commissioner for
Derbyshire**

Chief Constable for Derbyshire

October 2015



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in connection with this
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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. The Audit Commission 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, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@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.

This report summarises the key findings from our 2014/15 audit of the Derbyshire Police and Crime Commissioner (PCC) and Derbyshire Chief Constable (CC).

Although this letter is addressed to the Police and Crime Commissioner and Derbyshire Chief Constable, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our work covers the audit of the PCC and CC 2014/15 financial statements and the 2014/15 VFM conclusion.

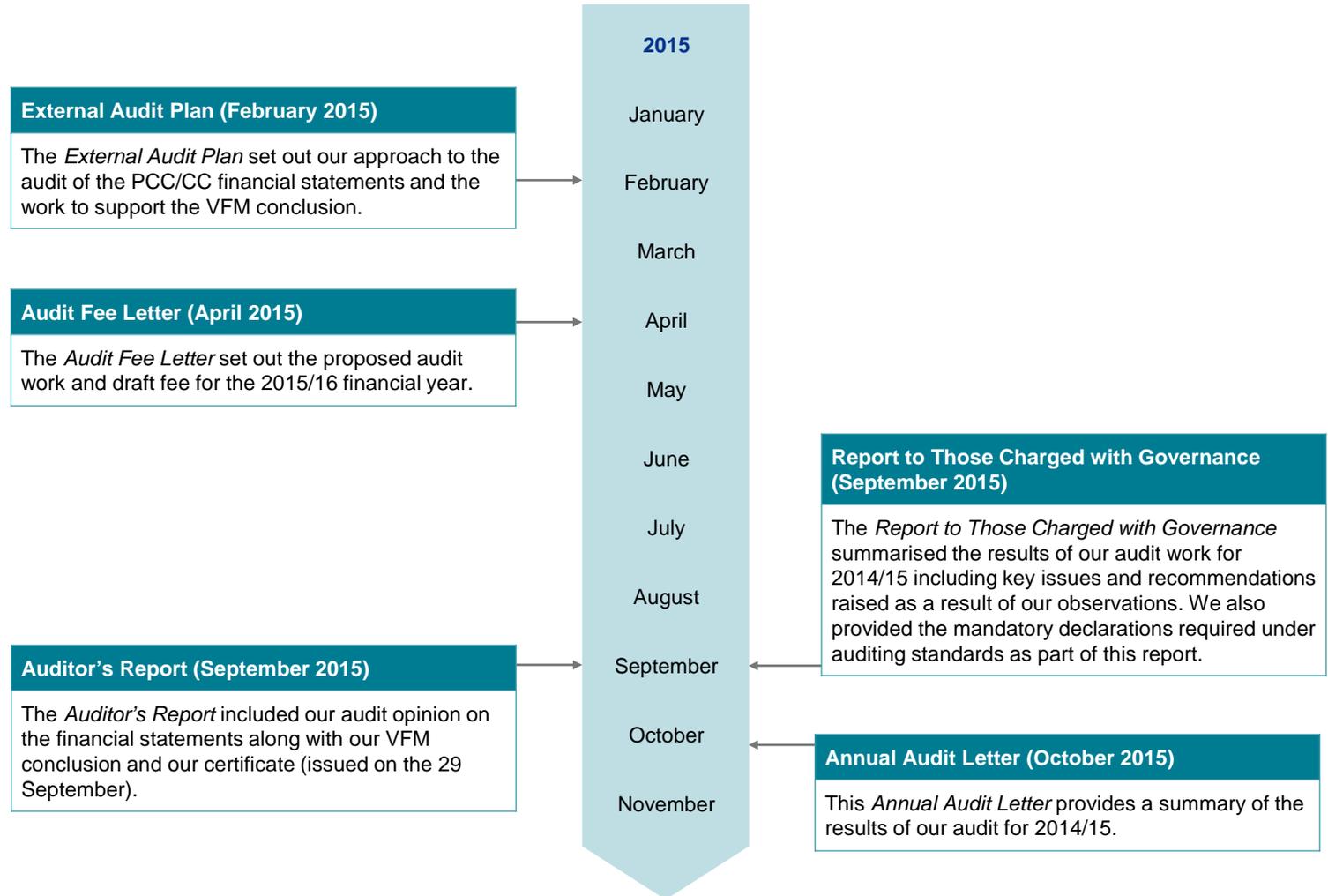
<p>VFM conclusion</p>	<p>We issued an unqualified conclusion for the Police and Crime Commissioner's (PCC) and Chief Constable's (CC) arrangements to secure value for money (VFM conclusion) for 2014/15 on 29 September 2015. This means we are satisfied that that the PCC/CC had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.</p>
<p>VFM risk areas</p>	<p>We did not identify and significant risks as part of our VFM conclusion, though during our planning work we identified one VFM risk. As part of our work on VFM we considered the arrangements you have put in place to mitigate this risk:</p> <ul style="list-style-type: none"> ■ Financial Resilience – along with other forces significant budget savings are required in future years; <p>We have reviewed the action taken to address the ongoing financial pressures, particularly looking at the forces long term plans up to the end of 2019/20 via the Moving Forward Implementation Group. Whilst the PCC/CC did not plan to achieve savings in 2014/15 they did achieve a £2.294m underspend. To date good progress is being made in achieving the savings for 2015/16. Moving forward after this time savings plans will be subject to ongoing review and modification as more details on funding are received by the force.</p> <p>We were satisfied that sufficient work in relation to this risk was being carried out by the PCC/CC to mitigate the audit risks for our VFM conclusion. We concluded that we did not need to carry out any specific additional work ourselves.</p>
<p>Audit opinion</p>	<p>We issued an unqualified opinion on the financial statements of the PCC (which incorporated the financial statements of the CC), and the separate financial statements of the Chief Constable on 29 September 2015. This means that we believe both sets of financial statements give a true and fair view of the financial position of the respective bodies and of their expenditure and income for the year.</p>

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.

Financial statements audit	<p>We identified the following key financial statement audit risks affecting the PCC/CC 2014/15 financial statements:</p> <ul style="list-style-type: none"> ■ Stage 2 Transfer –transfer and accounting arrangements; ■ Management override of controls; and ■ Fraudulent revenue recognition <p>We reviewed the accounting treatment and disclosure and found they had been addressed appropriately. We did not identify any material misstatements. The PCC/CC made a small number of non material presentational adjustments to the PCC and CC CIES to ensue they cast correctly and agreed in total to the group financial statements but these had no effect on the group bottom line figures.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statements</i> and concluded that they were both consistent with our understanding of your governance arrangements put in place by both the PCC and CC.</p>
Whole of Government Accounts	<p>We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority’s pack was consistent with the audited financial statements.</p>
Certificate	<p>We issued our certificate on 29 September 2015 for both the PCC and the CC.</p> <p>The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission’s <i>Code of Audit Practice</i>.</p>
Audit fee	<p>Our combined fee for 2014/15 was £61,380 excluding VAT. This included £41,380 excluding VAT for the PCC and £20,000, excluding VAT for the CC. This was in line with the planned audit fee.</p>

Appendix 1: Summary of reports issued

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



This appendix provides information on our final fees for the 2014/15 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our final fee for the 2014/15 audit of the PCC was £41,380. The final fee for the 2014/15 audit of the CC was £20,000. Both were in line with our planned fees for the 2014/15 financial year as reported to you in April 2015.

Other services

We did not charge any additional fees for other services.



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