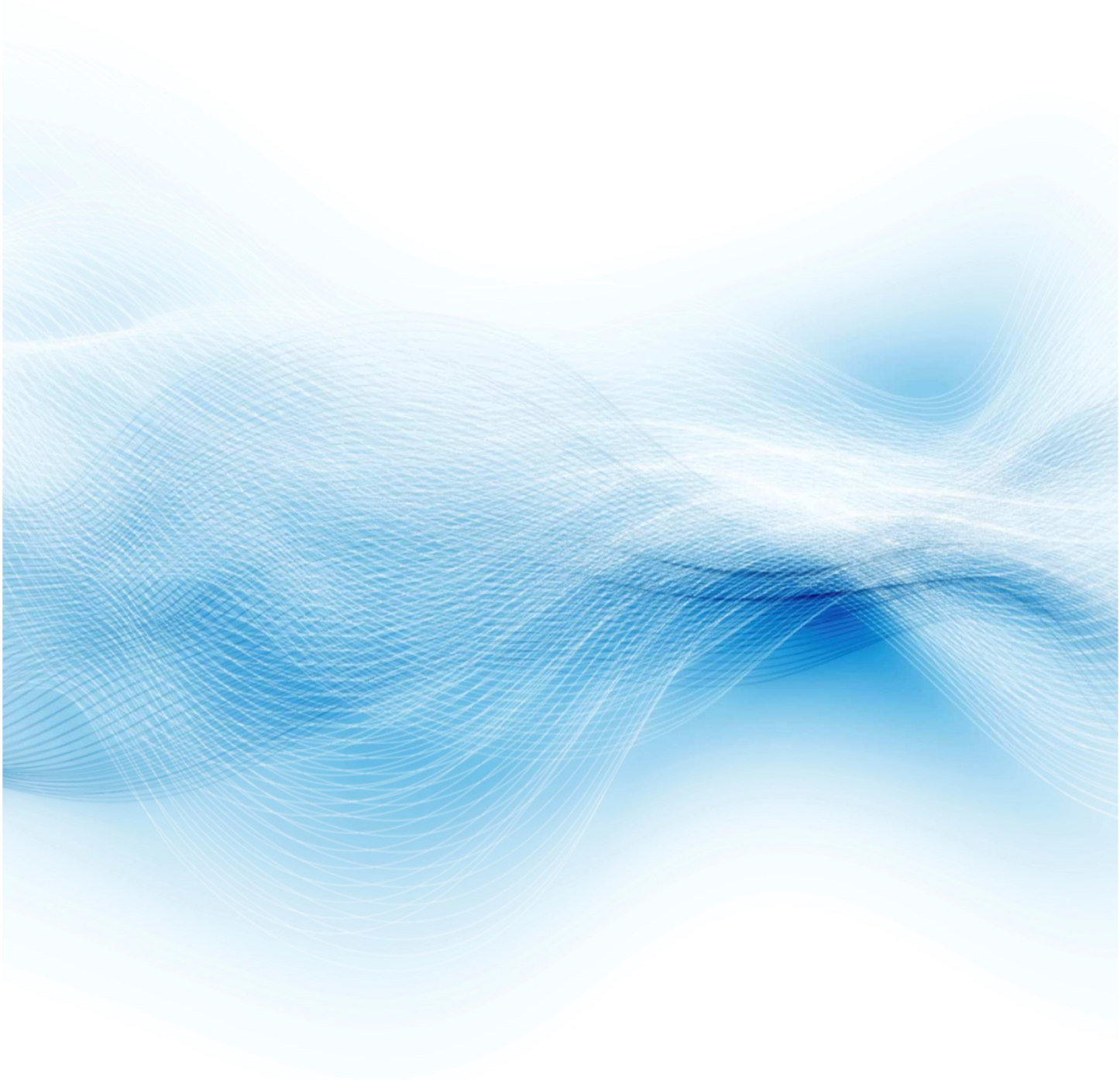




Audit Completion Report

Police and Crime Commissioner for North Yorkshire
Year ending 31 March 2018





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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' and the 'Terms of Appointment' issued by Public Sector Audit Appointments Limited.

Reports and letters prepared by appointed auditors and addressed to the Police and Crime Commissioner for North Yorkshire are prepared for the sole use of the Commissioner and we take no responsibility to any member or officer in their individual capacity or to any third party.

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Mazars LLP
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Mrs J Mulligan
Police and Crime Commissioner for North Yorkshire
12 Granby Road
Harrogate
North Yorkshire
HG1 4ST

26 July 2018

Dear Mrs Mulligan

Audit Completion Report – Year ended 31 March 2018

We are pleased to present our Audit Completion Report for the year ended 31 March 2018. 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 on 21 February 2018. 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 0781 375 2053.

Yours faithfully

Signed: 
C W Waddell (Jul 17, 2018)

Cameron Waddell
Mazars LLP

Mazars LLP – Salvus House, Aykley Head, Durham, DH1 5TS
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VAT number: 839 8356 73



1. EXECUTIVE SUMMARY

Purpose of this report and principle conclusions

The Audit Completion Report sets out the findings from our audit of the Police and Crime Commissioner for North Yorkshire (the Commissioner) and Group for the year ended 31 March 2018, and forms the basis for discussion at the Joint Independent Audit Committee meeting on 26 July 2018.

The detailed scope of our work as your appointed auditor for 2017/18 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.

Sections 2 and 5 of this report outline the detailed findings from our work on the financial statements and our conclusion on the Commissioner's arrangements to achieve economy, efficiency and effectiveness in its use of resources. As we outline on the following page, our work is substantially complete and, subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Value for Money conclusion

We anticipate concluding that the Commissioner had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. Our draft auditor's report, including proposed conclusion, is provided in Appendix B.

Whole of Government Accounts (WGA)

We anticipate completing our work on your WGA submission, in line with the group instructions issued by the NAO, by the deadline of 31 August 2018. We anticipate reporting that the WGA submission is consistent with the audited 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's and consider any objection made to the accounts. We have received no questions or objections.

Misstatements and internal control recommendations

Section 3 sets out the internal control recommendations that we make, together with an update on any prior year recommendations.

Section 4 outlines the misstatements noted as part of our audit as at the time of issuing this report. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Joint Independent Audit Committee in a follow-up letter.

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1. EXECUTIVE SUMMARY

Status of our audit work

We have substantially completed our work on the financial statements and Value for Money conclusion for the year ended 31 March 2018. At the time of preparing this report the following matters remain outstanding:

Audit area	Description of outstanding matters
Related party transactions	We are completing our testing of the Commissioner and Group Related Party disclosures.
Income cut off testing	A small amount of supporting evidence is required to conclude this work.
Remuneration Report	We are completing our testing of the Remuneration Report disclosures
Cash flow statement	We are completing our testing of the Commissioner and Group Cash Flow Statement
Closure steps	We have closure steps and final review of the financial statements to complete

We will provide the Joint Independent Audit Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in February 2018. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

We set materiality at the planning stage of the audit at £3.039m for the Commissioner and £3.288m for the Group using a benchmark of 2% of Gross Operating Expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors is £3.299m for the Commissioner and £3.834m for the Group, using the same benchmark. We set our trivial threshold (the level under which individual errors are not communicated to the Joint Independent Audit Committee), at £0.099m for the Commissioner and £0.115m for the Group based on 3% of overall materiality.

2. SIGNIFICANT FINDINGS

Set out below are the significant findings from our audit, to date. These findings include:

- our audit conclusions regarding 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 8 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 and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Commissioner and Group 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 intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Significant risk

Management override of controls

Description of the risk

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 override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting on 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.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention and identified no indication of management override.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk Revenue recognition (relevant to Commissioner and group accounts)	<p>Description of the risk</p> <p>There is a risk of fraud in the financial reporting relating to revenue recognition due to the potential to inappropriately record revenue in the wrong period. Due to there being a risk of fraud in revenue recognition we consider it to be a significant risk.</p> <hr/> <p>How we addressed this risk</p> <p>We addressed this risk through substantive testing of transactions posted pre and post year end.</p> <hr/> <p>Audit conclusion</p> <p>Subject to concluding the outstanding work (income cut off testing) our work to date has not highlighted any material issues to bring to your attention.</p>
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Significant risk Defined benefit liability valuation (relevant to group accounts)	<p>Description of the risk</p> <p>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.</p> <hr/> <p>How we addressed this risk</p> <p>In addition to our standard audit programme we addressed this risk through the following procedures:</p> <ul style="list-style-type: none"> • Discussed with key contacts any significant changes to the pensions estimates prior to the preparation of the final accounts. • Evaluated the management controls in place to assess the reasonableness of the figures provided by the actuaries; and • Considered the reasonableness of the actuaries outputs, referring to an expert's report on all actuaries nationally which is commissioned annually by the National Audit Office. <hr/> <p>Audit conclusion</p> <p>Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention. Our work identified no indication of material estimation error in respect of pensions.</p>
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2. SIGNIFICANT FINDINGS (CONTINUED)

Key areas of management judgement

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement.

These areas of management judgement represent other areas of audit emphasis.

Management judgement

Valuations of buildings (relevant to Commissioner and group accounts)

Description of the management judgement

The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Commissioner's holding of buildings.

Although the Commissioner employs an external valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of buildings due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the revaluation of buildings to be an area of enhanced risk.

How our audit addressed this area of management judgement

We addressed this risk through the following procedures;

- Considered the Commissioner's arrangements for ensuring that buildings values are reasonable;
- We assessed the competence, skills and experience of the Valuer;
- Considered evidence of valuation trends to assess the reasonableness of the valuations provided by the Commissioner's Valuer;
- Substantively tested valuations of individual assets to ensure that the basis and level of valuation was appropriate.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

2. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the entity's accounting practices

We have reviewed the Commissioner and Group accounting policies and disclosures and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Commissioner and Group circumstances.

Draft accounts were received from the Commissioner on 31 May 2018 and were of a good quality.

Significant matters discussed with management

We have not discussed any significant matters with management, other than our usual meetings and discussions to obtain audit evidence and challenge management judgments.

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 2017/18 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. We have received no correspondence or objections in 2017/18.

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 relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor 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.	0

Our 2017/18 audit has not identified any significant deficiencies to report, and none were reported in 2016/17 to follow up.



4. SUMMARY OF MISSTATEMENTS

We set out below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £0.099m for the Commissioner and £0.115m for the Group.

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 2017/18

Note 21 Financial instruments, "Other Creditors" figures in the Financial Liabilities disclosure are overstated by £0.005m for the Commissioner and £0.119m for the Group (£0.113m Chief Constable). This is due to the incorrect inclusion of non financial instruments in the disclosed amounts.

Adjusted misstatements 2017/18

There are no adjusted misstatements to report for either the Commissioner or Group.

Disclosure amendments

During our review of the financial statements we have identified some amendments to disclosures. These matters were adjusted by management.

Note 21 Financial instruments; A comparative for finance lease liabilities has been added to the financial instrument table.

There was a small number of minor presentational, disclosure and consistency amendments to the notes to the accounts, Narrative Report and Annual Governance Statement.

5. VALUE FOR MONEY CONCLUSION

Our approach to Value for Money

We are required to form a conclusion as to whether the Commissioner 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 Commissioner 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>An established governance framework is in place. Police and Crime Plan 2017 – 2021 communicates the policing priorities. A Joint Independent Audit Committee is in place and has met throughout the year. Police and Crime Panel has met during the year.</p> <p>Arrangements in place to monitor and review and report financial and performance information during the year. Medium Term Financial Plan (MTFP) in place, and updated routinely. As reported in the Narrative Report the Group overspent by £1.8m in the year. This was identified at an early stage and has been met by reserves. The 2018/19 MTFP has been updated to reflect the pressures in the 2017/18 budget.</p> <p>HMICFRS Crime Data review rated the Force as 'inadequate'. The Force has implemented an Action Plan in response to the inspection.</p> <p>Risk register and risk management arrangements in place. Risks have been reported to Joint Independent Audit Committee (JIAC) during the year. Internal Audit have reported throughout the year to the JIAC. Annual Governance Statement prepared, reviewed and approved.</p>	Yes

5. VALUE FOR MONEY CONCLUSION

Sustainable resource deployment	<p>In recent years the Group has delivered financial targets. As noted above a deficit position of £1.8m delivered in 2017/18 and met by reserves. Group recognises this is not sustainable and the Medium Term Financial Plan has been updated to reflect pressures in the 2017/18 budget. A programme is in place to make efficiencies in order to reinvest in services.</p> <p>A detailed capital plan included in the MTFP. Capital investment links to the delivery against the Police and Crime Plan.</p> <p>Workforce levels monitored and reported on a regular basis and aligned to strategic plans.</p>	Yes
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Sub-criteria	Commentary	Arrangements in place?
Working with partners and other third parties	<p>Continued collaboration examples include:</p> <ul style="list-style-type: none"> Regional collaboration in Yorkshire and Humber; Project Evolve with Durham and Cleveland; and Joint appointment of Officers with other PCCs; <p>Written procurement procedures and policies in place.</p>	Yes

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

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 Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Commissioner being inadequate. We did not identify any significant Value for Money risk in our Audit Strategy Memorandum. We have kept this under review throughout our audit and are satisfied that there are no significant risks apparent in respect of VFM.

Our overall Value for Money conclusion

Our draft auditor's report included in Appendix B states that we intend to issue an unqualified Value for Money conclusion for the 2017/18 financial year.

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DRAFT MANAGEMENT REPRESENTATION LETTER

Mazars LLP
Salvus House
Aykley Heads
Durham
DH1 5TS

XX July 2018

Dear Cameron

Police and Crime Commissioner for North Yorkshire (and Group) - audit for year ended 31 March 2018

This representation letter is provided in connection with your audit of the statement of accounts for the Police and Crime Commissioner for North Yorkshire and Group (the Commissioner) for the year ended 31 March 2018 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 2017/18 (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 Commissioner in making accounting estimates, including those measured at fair value, are reasonable.

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DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

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 Commissioner 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.

The Commissioner 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.

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 Commissioner 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'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 Commissioner'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 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.

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DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

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 Commissioner 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

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DRAFT AUDITOR'S REPORT

Independent auditor's report to the Police and Crime Commissioner for North Yorkshire (and Group)

Opinion on the financial statements

We have audited the financial statements of the Police and Crime Commissioner for North Yorkshire (and Group) for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the Movement in Reserve Statement (Group), Movement in Reserve Statement (PCC), the Comprehensive Income and Expenditure Statement (Group), the Comprehensive Income and Expenditure Statement (PCC), the Balance Sheet (Group), the Balance Sheet (PCC), the Cash Flow Statement (Group and PCC), the Police Pension Fund Account, and notes to the financial statements, including the 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 2017/18.

In our opinion the financial statements:

give a true and fair view of the financial position of the Police and Crime Commissioner for North Yorkshire (and Group) as at 31 March 2018 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 2017/18.

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 Police and Crime Commissioner for North Yorkshire 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Police and Crime Commissioner for North Yorkshire's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Finance Officer is responsible for the 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. 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 2017/18, 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.

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DRAFT AUDITOR'S REPORT (CONTINUED)

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and prepare the financial statements on a going concern basis, unless the Police and Crime Commissioner for North Yorkshire is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Police and Crime Commissioner for North Yorkshire 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.

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.

Conclusion on the Police and Crime Commissioner for North Yorkshire's arrangements for securing economy, efficiency and effectiveness in the 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 in November 2017, we are satisfied that, in all significant respects, the police and Crime Commissioner for North Yorkshire has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in November 2017, as to whether the Police and Crime Commissioner for North Yorkshire had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Police and Crime Commissioner for North Yorkshire put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We planned our work in accordance with the Code of Audit Practice. 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 for North Yorkshire had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Police and Crime Commissioner for North Yorkshire

The Police and Crime Commissioner for North Yorkshire 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 in relation to 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 Police and Crime Commissioner for North Yorkshire has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner for North Yorkshire's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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APPENDIX B

DRAFT AUDITOR'S REPORT (CONTINUED)

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 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 43 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 and Crime Commissioner for North Yorkshire 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 and Crime Commissioner for North Yorkshire, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

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

[Signature]

Cameron Waddell
For and on behalf of Mazars LLP

Salvus House
Aykley Heads
Durham
DH1 5TS

XX July 2018

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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.

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