



Audit Completion Report

Office of the Police, Fire and Crime Commissioner
for North Yorkshire and the Chief Constable for
North Yorkshire
Year ending 31 March 2020

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Mrs J Mulligan
Police, Fire and Crime Commissioner for North Yorkshire

Mrs Lisa Winward
Chief Constable of North Yorkshire

Alverton Court
Crosby Road
Northallerton
North Yorkshire
DL6 1AA

16 September 2020

Dear Commissioner and Chief Constable

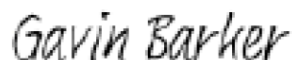
Audit Completion Report – Year ended 31 March 2020

We are pleased to present our Audit Completion Report for the year ended 31 March 2020. 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 dated 3 March 2020. Since we issued our Audit Strategy Memorandum the UK has been subject to the challenges and restrictions of COVID-19. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

One implication of COVID-19 for the Commissioner and Chief Constable was that the deadlines for submission of the draft and audited financial statements were pushed back to 31 August 2020 and 30 November 2020 respectively. We would like to express our thanks for the assistance of your teams in preparing accounts and enabling us to substantially complete our audit in the difficult circumstances pertaining this year, and to have done so well ahead of the revised deadlines. If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07896 684 771.

Yours faithfully



Gavin Barker
Mazars LLP

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We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861.
VAT number: 839 8356 73

1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

The Audit Completion Report sets out the findings from our audit of the Police, Fire and Crime Commissioner for North Yorkshire and Group, and the Chief Constable for North Yorkshire (the 'Commissioner and Group' and 'Chief Constable') for the year ended 31 March 2020.

The detailed scope of our work as your appointed auditor for 2019/20 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, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Sections 2 and 5 of this report outline the detailed findings from our work on the financial statements and our conclusion on the Commissioner and Chief Constable's arrangements to achieve economy, efficiency and effectiveness in the use of resources. Section 2 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of control
- Valuation of land and buildings; and
- Defined benefit liability valuation.

Status of our work

As we outline on the following page, our work is substantially complete. 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 for the Commissioner and Group, and the Chief Constable. Our proposed audit opinions are included in the draft auditor's reports in Appendix B.

Value for Money conclusion

We anticipate concluding that the Commissioner and Chief Constable 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)

The NAO have not yet issued group instructions so the timing of our review of your WGA submission is to be confirmed. We will report the results in our Annual Audit Letter.

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 and Group and the Chief Constable and to consider any objection made to the accounts. Further details on the exercise of our wider powers are provided in section 2.

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

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 2020. At the time of preparing this report the following matters remain outstanding:

Audit area	Status	Description of outstanding matters
Pensions	●	We are awaiting assurance from the pension fund auditor.
IT General Controls	●	We are awaiting information to enable us to conclude our IT General Controls testing.
WGA	●	We are awaiting group instructions from the National Audit Office. This may impact on the timing of issuing our audit certificate to formally conclude and close the audit.
Closing Procedures	●	Review and closure processes, including final consideration of post balance sheet events.

Status

- Likely to result in material adjustment or significant change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Not considered likely to result in material adjustment or change to disclosures within the financial statements

We will provide the Commissioner and Chief Constable with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report. We will ensure that a copy of our follow up letter is sent to Members of the Joint Independent Audit Committee.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in March 2020. 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 £5.081m for the Group, £3.812m for the Commissioner and £4.380m for the Chief Constable using a benchmark of 2% of Gross Operating Expenditure (at surplus or deficit level). Our final assessment of materiality, based on the final financial statements and qualitative factors is £5.630m for the Group, £3.892m for the Commissioner and £5.035m for the Chief Constable, using the same benchmark. We set our trivial threshold (the level under which individual errors are not communicated to the Commissioner and Chief Constable) at £169k for the Group, £117k for the Commissioner and £151k for the Chief Constable based on 3% of overall materiality.

2. SIGNIFICANT FINDINGS

Set out below are the significant findings from our audit. 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;
- significant matters discussed with management; 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, and Chief Constable'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 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 (Commissioner and Group, and Chief Constable)

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 audit work has provided the assurance we sought and has not identified any material issues to bring to your attention. There is no indication of management override of controls.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk
Property, Plant and Equipment Valuation (Commissioner and Group only)

Description of the risk

The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Commissioner's holding of land and 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 PPE due to the significant judgements and number of variables involved in providing revaluations.

How we addressed this risk

- We liaised with management to update our understanding on the approach taken in its valuation of land and buildings;
- We considered the methodology used by the valuer as well as their competence, skills and experience;
- We performed further audit procedures on individual assets to ensure that the basis and level of valuation was appropriate;
- We considered evidence of valuation trends to assess the reasonableness of the valuations; and
- We also considered the impact of COVID-19 on the valuations to gain additional assurance on their reasonableness.

Audit conclusion

The valuer followed guidance issued by the Royal Institute of Chartered Surveyors and their valuation report disclosed a "material valuation uncertainty" in relation to the valuation of land and buildings. This has been disclosed in Accounting Policies (note 33) of the financial statements. We plan, in line with normal practice, to include reference to this disclosure as an 'emphasis of matter' in our audit report. The purpose of this paragraph is to draw attention to this disclosure, it is not a qualification and does not modify our proposed unqualified opinion on the financial statements. Please note that this only applies to the Commissioner and Group financial statements.

Our draft Auditor's Report at Appendix B includes a draft emphasis of matter paragraph (as highlighted on page 23 of this report). The draft wording is subject to our internal review processes, and if this wording subsequently changes we will provide an update in the follow up letter to the Commissioner and Chief Constable when the audit is completed, as noted on page 4 of this report.

Our work has provided the assurance we sought and we have not identified any other matters to report in relation to property, plant and equipment valuations.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

Defined benefits liability valuation (Commissioner and Group, and Chief Constable)

Description of the risk

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. In 2019/20, the local government pension assets and liabilities are subject to triennial revaluation.

How we addressed this risk

We addressed this risk by:

- Discussing with key contacts, any significant changes to the pension estimates;
- Evaluated the management controls in place to assess the reasonableness of the figures provided by the actuaries;
- Considered the reasonableness of each actuary's output, referring to an expert's report on all actuaries nationally.
- We also sought assurances from the auditor of North Yorkshire Pension Fund.

Audit conclusion

Material amendments have been made to the pension disclosures arising from changes in the estimated impact of the McCloud Judgement on the police pension scheme. Further details of amendments made are set out on page 12. Further context to the issues relating to pensions accounting that have arisen this year are described on page 8. We are still waiting for assurance from the pension fund auditor.

2. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the PCC and Group, and the CC's accounting practices

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

Draft accounts were received from the Commissioner and Chief Constable on 22 July and were of a good quality. This was shortly after the scheduled audit start date of 6 July 2020. Working papers provided were of a good quality.

Significant matters discussed with management

Once again, there have been significant issues this year relating to accounting for pensions. These issues are not specific to the Commissioner and Chief Constable, but are national issues impacting on all local government, police and fire bodies, to varying degrees. There have been two issues raised this year with respect to pension accounting, these relate to the ongoing implications of the McCloud Judgement which was also an issue last year and a new case, the Goodwin case, and each are discussed separately below.

McCloud Judgement

The McCloud judgement relates to potential age discrimination arising from transitional protections offered to some existing members of public service pension schemes that were not made available to younger members. In July 2019, Treasury confirmed that the difference in treatment between older and younger members of public service pension schemes would need to be removed in order to remove the discrimination. For the financial year 2018/19 the Government Actuaries Department (GAD) and Aon provided revised actuarial reports which included an estimate of the impact of the case on the pension liability, for both the Police Pension Scheme and Local Government Pension Scheme (LGPS) respectively. At the time of making this estimate actuaries were required to estimate what the proposed remedy would be. In 2019/20 the respective actuarial reports made an adjustment to the initial estimates based on further information received.

In July 2020 Treasury initiated a consultation on the proposed remedy for public service pensions and MHCLG released a consultation into the proposed remedy for the LGPS, which set out the estimation basis for the impact of the judgement.

The difference between the original accounting entries and the entries required taking into account the consultation remedy were expected to be material in relation the Police Pension Scheme. As such a revised IAS 19 Actuarial report was requested from GAD including the updated figures. The changes in this revised report have been reflected in the updated financial statements that are to be approved, and the accounting entries are summarised on page 12.

Management enquired of Aon, the actuary of your LGPS, in relation to the expected outcome of this change on the LGPS. Aon Hewitt confirmed that the estimate made in the 2019/20 IAS 19 report included a methodology not dissimilar to that in the consultation and as such your actuary does not expect there to be a material difference in the LGPS meaning that a recalculation based on the consultation remedies was not required.

Goodwin Case

A case was made against the Teachers Pensions Scheme in relation to sexual orientation discrimination. The discrimination occurs because there is a difference in survivor benefits payable depending upon whether the member was in a same-sex marriage or civil partnership or an opposite-sex marriage or civil partnership. The government concluded that changes are required to the Teachers' Pension Scheme to address the discrimination. The government believes that this difference in treatment will also need to be remedied in those other public service pension schemes, where the husband or male civil partner of a female scheme member is in similar circumstances.



2. SIGNIFICANT FINDINGS (CONTINUED)

We understand from your actuary GAD that the Goodwin case will not have an impact on the liabilities for the police pension scheme. In relation to the LGPS, your actuary Aon has confirmed that there will be an additional liability arising from the Goodwin judgement. Full information is not yet available to accurately calculate the impact, however, based on an estimation, your actuary has indicated that the LGPS impact is likely to be in the region of 0.2% of the LGPS Fund's total liability. For the Chief Constable this would amount to an increased liability of £518k, and for the Commissioner an increased liability of £9k, making the group position in the region of £527k. As the impact of this is below materiality in all cases, no adjustment to the financial statements has been made. As these issues relate to the refinement of an estimate rather than an error, they have not been reported as unadjusted misstatements on page 12.

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. Officers have been very helpful and responsive in addressing our audit queries, and we are grateful for the assistance provided.

Given the Government's COVID-19 instruction for the public to work from home if possible, our audit was completed remotely but this did not cause significant difficulties during the audit because:

- we used technology, such as video conferencing, to ensure the audit was completed to the required standards;
- all working papers provided were electronic and of the usual high standard; and
- we used a team of public sector audit specialists with the same manager and team leader as in 2018/19.

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 2019/20 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 not received any questions or objections in respect of the Commissioner and Group, or the Chief Constable.

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 statements 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.	1

3. INTERNAL CONTROL RECOMMENDATIONS (CONTINUED)

Other deficiencies in internal control – Level 3

Source Date for PPE Valuations

Description of deficiency

Our testing of property valuations included consideration of the source data provided to and used by the Valuer. Our consideration of floor area data noted some discrepancies between the data used by the valuer and that held by the Force. These differences did not suggest a risk of material misstatement and the actual errors were noted as £54k with a further £6k extrapolated.

However this work highlighted a weakness in the arrangements to check the data used by the Valuer.

Potential effects

The valuations are based on incorrect data which creates a material misstatement in the year end property valuations.

Recommendation

Management introduce a control to check that the data provided to and used by the Valuer is correct per the records held by the Force.

Management response

Going forward we will amend the policy for commissioning the revaluations to provide full data every year as opposed to just updates. In addition we will ask for the Valuer's' report to include as an appendix the raw data they used.

Our 2018/19 audit did not identify any significant deficiencies which required follow up in 2019/20.



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 £169k for the Group, £117k for the Commissioner and £151k for the Chief Constable.

The first section 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 section outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements 2019/20

There are no unadjusted misstatements.

Adjusted misstatements 2019/20

	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1 Cr: Pension reserve				15,710
Dr: Pension liability			15,710	
Cr: Current service costs		4,020		
Cr: Past service costs		11,340		
Cr: Other comprehensive income and expenditure		350		
Dr: MIRS - Adjustment between accounting basis and funding basis	15,710			

Following consultation on the proposed remedy relating to the McCloud judgement, a revised report was obtained from GAD in relation to the Police Pension Scheme and the adjustment as above have been made to reflect the revised position. This is as set out on page 8. An adjustment was not required in relation to the LGPS scheme.

Disclosure amendments

Accounting policies: going concern disclosures were enhanced.

Note 13 (d) Senior Officer Remuneration (Commissioner and Group): Note was adjusted to clarify start the date of one officer and amend a rounding error for another.

Note 8 (d) Senior Officer Remuneration (Chief Constable): Note was adjusted to clarify start the date of one officer and amend a rounding error for another.

Note 14 (e), Audit Fees (Commissioner and Group): Audit fees were amended for the Commissioner, Chief Constable and Group to £25k, £12k and £37k respectively. This matches the Audit Fee Letter.

Note 9 (d) Audit Fees (Chief Constable): Audit fees for the Chief Constable were amended to £12k. This matches the Audit Fee Letter.

Note 21, Financial Instruments (Commissioner and Group): The note was amended to correct some errors in the calculation of creditors which are classed as financial instruments (Commissioner and Group figures).

Note 29, Contingent Asset & Liabilities: Note was updated after consideration GMP contingent liability.

Note 11, Financial Instruments (Chief Constable): The note was amended to correct some errors in the calculation of creditors which are classed as financial instruments.

The Statement of Accounts was also adjusted for minor spelling, grammatical and consistency errors.

5. VALUE FOR MONEY CONCLUSION

Our approach to Value for Money

We are required to form a conclusion as to whether the Commissioner and Chief Constable have 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/Chief Constable had proper arrangements to ensure they 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

It is important to clarify that the arrangements we consider in reaching this year's conclusion are those in place for the 2019/20 financial year.

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 Corporate Governance Framework in place which is subject to annual review. The framework includes a Code of Corporate Governance, the scheme of delegation, the decision making policy and financial and contract regulations.</p> <p>A Joint Independent Audit Committee (JIAC) is in place to assist the Commissioner and Chief Constable in maintaining an effective system of internal control. The JIAC met throughout the financial year. A Corporate risk register is maintained with quarterly progress reports being made to JIAC.</p> <p>There is an Internal Audit function for the Commissioner and Chief Constable. Internal Audit reports are presented quarterly to JIAC. This includes reporting of findings and tracking of recommendations to ensure they are implemented in a timely manner. An Annual Governance Statement for the Commissioner and Chief Constable has been prepared and reviewed by Officers and the JIAC.</p> <p>Financial performance has been reported throughout the financial year. No evidence of financial or performance data not being reliable and therefore impacting on the decision making of either the Commissioner or the Chief Constable.</p> <p>The Medium Term Financial Plan (MTFP) was approved in February 2020 which set a balanced position for 2020/21. The plan highlighted the medium term risks to the Group's finances. The 2020/21 budget included savings which are required to support planned investment in services. In light of the consequences of the COVID-19 pandemic the Commissioner's CFO and the Chief Constable's CFO are reviewing the assumptions in the MTFP and are monitoring the impact on the Group's future finances.</p>	Yes



5. VALUE FOR MONEY CONCLUSION

Sub-criteria	Commentary	Arrangements in place?
Sustainable resource deployment	<p>In 2019/20 the Commissioner and Group overall delivered a small underspend against the budget. The Chief Constable delivered a £5.999m overspend against their approved budget. The Chief Constable's outturn was largely associated with the none delivery of planned savings. These savings were necessary for future investment in services. The savings were not necessary to deliver a balanced position which is why overall the Group delivered a small surplus. There was a small decrease in General Fund reserves.</p> <p>The MTFP for Commissioner and Chief Constable has been updated to reflect the outturn in 2019/20. The MTFP reflects the expected pressures the Commissioner and Chief Constable will face. The Transformation 2020 programme has identified potential efficiencies and improved ways of working. However it is acknowledged that there are risks to delivering these efficiencies. If savings are not delivered then future investment may not be available or may need to be funded from different sources. The MTFP is based on no future use of the General Reserve. The Commissioner and Chief Constable CFO's are monitoring the impact of COVID-19 and the likely impact on future sources of funding.</p> <p>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
Working with partners and other third parties	<p>The Commissioner and Chief Constable continue to work with partners. This includes working with other Police bodies. Note 15 of the Commissioner and 10 of the Chief Constable's Statement of Accounts provide further detail of the partnership working.</p> <p>In November 2018 the Commissioner took on governance responsibility for North Yorkshire Fire and Rescue Authority. The Transformation 2020 programme is considering potential opportunities for closer police and fire working. From the 1 April 2020 these arrangements will be governed through the Enable vehicle. This is led by a Managing Director who will be responsible for the provision of central support services to the Fire and Rescue Authority and the Commissioner and Chief Constable. Collaboration agreements are in place to manage the relationship between the interested parties.</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 Authority being inadequate. In our Audit Strategy Memorandum, we reported that we had identified one significant Value for Money risk. The work we carried out in relation to this significant risk is outlined below.

Risk	Work undertaken	Conclusion
<p>Financial sustainability</p> <p>Our audit work in previous years has concluded that there are proper arrangements in place for medium term financial planning. Like many police bodies North Yorkshire faces significant financial challenges in the current and coming years. These pressures include:</p> <ul style="list-style-type: none"> • 2019/20 outturn against budget may place pressures on future investment given the lower than planned availability of reserves; • Delivery of the Transform 2020 efficiencies; • Uncertainty regarding future levels of funding; and • Externally created pressures such as nationally agreed pay awards and 'Operation Uplift'. <p>These pressures mean it is critical that North Yorkshire plans finances effectively to support the sustainable delivery of strategic priorities and statutory services. We are not in a position to conclude on this VFM criteria without completing additional work.</p>	<p>Building on our work in previous years, we reviewed the arrangements in place for ensuring financial resilience. Specifically, our work included:</p> <ul style="list-style-type: none"> • Reviewing the Commissioner and Chief Constable's financial outturn for 2019/20 and the impact this has on future years; • Reviewed the 2020/21 budget and Medium Term Financial Plan, including assumptions; • Considered the Transform 2020 project delivery; and • Assessed the arrangements for managing externally generated pressures such as 'Operation Uplift'. 	<p>The MTFP has been revised and updated for 2020/21 to 2023/24 to ensure it is based on appropriate assumptions (income projections, central government funding, pay and non-pay inflation) and recognises the risks associated with these assumptions.</p> <p>The financial outlook remains challenging, with the added complexity of managing in the context of the COVID-19 pandemic and the continued uncertainty over future funding settlements.</p> <p>In 2019/20 the Group delivered a small budget underspend of £198k.</p> <p>Monthly budget monitoring is undertaken by the Executive Board which includes a review of progress against savings.</p> <p>As part of the Transform 2020 programme a number of other projects are also underway which look to transform the way the service is delivered to ensure that it meets the Group ambitions while also achieving efficiencies. Efficiencies generated will be invested rather than being required to balance the budget.</p>

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

During March 2020, the significant impact of the COVID-19 pandemic began to have far reaching implications for us all, including an impact on the Commissioner and Chief Constable. In particular, following the lockdown from 26 March 2020, the service needed to respond to the impact of the pandemic on its communities and also needed to adapt to new ways of working.

Our 2019/20 value for money conclusion is focused on the arrangements in place during the 2019/20 financial year. Given the timing of the major impact of the pandemic one week before the end of the financial year, the Commissioner and Chief Constable did not have time to review its arrangements for informed decision making, sustainable resource deployment or working with partners and other third parties during the financial year under review. Consequently, we did not identify an additional significant risk relating to the COVID-19 pandemic in our 2019/20 value for money conclusion work.

The Commissioner and Chief Constable's response to the pandemic will be a major focus of our 2020/21 audit. With this in mind, we have continued to liaise with officers and gain an understanding of the arrangements that have been put in place in the new financial year.

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 2019/20 financial year.



APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

From: Chief Finance Officer to the Police, Fire and Crime Commissioner for North Yorkshire

To:
Mr Gavin Barker
Director
Mazars LLP
Salvus House
Aykley Heads
Durham DH1 5TS

Date: XX September 2020

Office of the Police, Fire and Crime Commissioner for North Yorkshire Police and the Group - audit for year ended 31 March 2020

This representation letter is provided in connection with your audit of the financial statements of Office of the Police, Fire and Crime Commissioner and Group for the year ended 31 March 2020 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 2019/20 (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 myself 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 I am 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 me for the purpose of the audit; and
- unrestricted access to individuals within the Office of the Commissioner and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Financial 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 have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Commissioner and Committee 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 them appropriate for the year.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used 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.

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DRAFT MANAGEMENT REPRESENTATION LETTER

(CONTINUED)

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 and Group 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 and Group 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 Financial 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 Office of the Commissioner and Group 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 and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances (including sales, purchases, loans, transfers, leasing arrangements and guarantees) 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 and Group'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.

Charges on assets

All the Commissioner and Group's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

We have no 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.

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

Going concern

I confirm that I have carried out an assessment of the potential impact of the COVID-19 Virus pandemic on the Office of the Commissioner and Group, including the impact of mitigation measures and uncertainties and I am satisfied that the going concern assumption remains appropriate and that no material uncertainty has been identified.

To the best of my knowledge there is nothing to indicate that the Office of the Commissioner and Group will cease to 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

No misstatements have been identified requiring adjustment.

Yours sincerely

Chief Finance Officer to the Police, Fire and Crime Commissioner for North Yorkshire
Date.....



APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

From: Chief Finance Officer to the Chief Constable of North Yorkshire

To:
Mr Gavin Barker
Director
Mazars LLP
Salvus House
Aykley Heads
Durham DH1 5TS

XX Setpember 2020

Chief Constable for North Yorkshire - audit for year ended 31 March 2020

This representation letter is provided in connection with your audit of the financial statements of Chief Constable for North Yorkshire for the year ended 31 March 2020 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 2019/20 (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 myself 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 I am 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 me for the purpose of the audit; and
- unrestricted access to individuals within North Yorkshire Police you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Financial 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 have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Chief Constable and Committee 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 them appropriate for the year.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used 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.

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DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

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 Chief Constable 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 Chief Constable 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 Financial 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 North Yorkshire Police 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 Chief Constable's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances (including sales, purchases, loans, transfers, leasing arrangements and guarantees) have been appropriately accounted for and disclosed in accordance with the requirements of the Code.

I have disclosed to you the identity of the Chief Constable'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.

Charges on assets

All the Chief Constable's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

We have no 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.

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

Going concern

I confirm that I have carried out an assessment of the potential impact of the COVID-19 Virus pandemic on North Yorkshire Police, including the impact of mitigation measures and uncertainties and I am satisfied that the going concern assumption remains appropriate and that no material uncertainty has been identified.

To the best of my knowledge there is nothing to indicate that the Chief Constable/North Yorkshire Police will cease to 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

No misstatements have been identified requiring adjustment.

Yours sincerely

Chief Finance Officer to the Chief Constable of North Yorkshire
Date.....



APPENDIX B

DRAFT AUDITOR'S REPORT

Independent auditor's report to the Police, Fire and Crime Commissioner for North Yorkshire and Group

Report on the financial statements

Opinion

We have audited the financial statements of the Police, Fire and Crime Commissioner for North Yorkshire (PFCC) and the Group for the year ended 31 March 2020, which comprise the PFCC and Group Movement in Reserves Statement, the PFCC and Group Comprehensive Income and Expenditure Statement, the PFCC and Group Balance Sheet, the PFCC and Group Cash Flow Statement, the Group Police Pension Fund Statement and Net Assets Statement and notes to the financial statements, including a 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 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Police, Fire and Crime Commissioner for North Yorkshire and Group as at 31st March 2020 and of the Police, Fire and Crime Commissioner for North Yorkshire and Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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, Fire and Crime Commissioner for North Yorkshire and Group 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.

THE WORDING OF THIS PARAGRAPH IS SUBJECT TO INTERNAL REVIEW AND IS SUBJECT TO CHANGE

Emphasis of Matter

Material uncertainty relating to valuations of land and property

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Accounting Policies (note 33) to the financial statements concerning the material valuation uncertainty statement made by the valuer.

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, Fire and Crime Commissioner for North Yorkshire and Group'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 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.

APPENDIX B

DRAFT AUDITOR'S REPORT (CONTINUED)

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 2019/20, 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.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Police, Fire and Crime Commissioner for North Yorkshire and Group 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, Fire and Crime Commissioner for North Yorkshire and Group 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 Authority's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Conclusion on the Police, Fire and Crime Commissioner for North Yorkshire 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 April 2020, we are satisfied that, in all significant respects, Police, Fire and Crime Commissioner for North Yorkshire has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

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 April 2020, as to whether the Police, Fire and Crime Commissioner for North Yorkshire had proper arrangements to ensure they 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, Fire and Crime Commissioner for North Yorkshire put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2020.

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, Fire and Crime Commissioner for North Yorkshire had put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

APPENDIX B

DRAFT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Police, Fire and Crime Commissioner for North Yorkshire

The Police, Fire and Crime Commissioner for North Yorkshire is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the 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, Fire and Crime Commissioner for North Yorkshire has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice 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, Fire and Crime Commissioner for North Yorkshire's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

Use of the audit report

This report is made solely to the Police, Fire and Crime Commissioner for North Yorkshire and Group, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 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 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, Fire and Crime Commissioner for North Yorkshire and Group, as a body, for our audit work, for this report, or for the opinions we have formed.

THE FOLLOWING SECTION WILL DEPEND ON WHETHER WE HAVE BEEN ABLE TO REPORT ON WGA BEFORE WE ISSUE OUR REPORT EITHER:

Certificate

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

OR:

Delay in certification of completion of the audit

We can not formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Police, Fire and Crime Commissioner for North Yorkshire and Group's Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Police, Fire and Crime Commissioner for North Yorkshire and Group's arrangements for securing economy, efficiency and effectiveness in its use of resources.

IF THERE IS A DELAY IN ISSUING A CERTIFICATE, A CERTIFICATE WILL BE ISSUED AT A LATER DATE WHEN THE WGA REPORT HAS BEEN COMPLETED.

[Signature]

Gavin Barker
Director
For and on behalf of Mazars LLP
Salvus House
Aykley Heads
Durham DH1 5TS

September 2020

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DRAFT AUDITOR'S REPORT(CONTINUED)

Independent auditor's report to the Chief Constable for North Yorkshire

Report on the financial statements

Opinion

We have audited the financial statements of Chief Constable for North Yorkshire (CC) for the year ended 31 March 2020, which comprise the CC Movement in Reserves Statement, the CC Comprehensive Income and Expenditure Statement, the CC Balance Sheet, the CC Cash Flow Statement, the Police Pension Fund Statement and Net Assets Statement and notes to the financial statements, including a 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 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable for North Yorkshire as at 31st March 2020 and of the Chief Constable for North Yorkshire's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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 Chief Constable 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 Chief Constable of 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 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 2019/20, 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.

APPENDIX B

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 2019/20 and prepare the financial statements on a going concern basis, unless the Chief Constable 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 Chief Constable 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 Authority's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Conclusion on the Chief Constable 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 April 2020, we are satisfied that, in all significant respects, the Chief Constable for North Yorkshire has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

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 April 2020, as to whether the Chief Constable for North Yorkshire had proper arrangements to ensure they 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 Chief Constable for North Yorkshire put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2020.

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 Chief Constable for North Yorkshire had put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

APPENDIX B

DRAFT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Chief Constable for North Yorkshire

The Chief Constable for North Yorkshire is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the 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 Chief Constable for North Yorkshire has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice 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 Chief Constable of North Yorkshire's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

Use of the audit report

This report is made solely to the Chief Constable of North Yorkshire, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 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 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 Chief Constable of North Yorkshire, as a body, for our audit work, for this report, or for the opinions we have formed.

THE FOLLOWING SECTION WILL DEPEND ON WHETHER WE HAVE BEEN ABLE TO REPORT ON WGA BEFORE WE ISSUE OUR REPORT EITHER:

Certificate

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

OR:

Delay in certification of completion of the audit

We can not formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Chief Constable for North Yorkshire and Group's Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Chief Constable for North Yorkshire's arrangements for securing economy, efficiency and effectiveness in its use of resources.

IF THERE IS A DELAY IN ISSUING A CERTIFICATE, A CERTIFICATE WILL BE ISSUED AT A LATER DATE WHEN THE WGA REPORT HAS BEEN COMPLETED.

[Signature]

Gavin Barker
Director
For and on behalf of Mazars LLP
Salvus House
Aykley Heads
Durham DH1 5TS

September 2020

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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.



CONTACT

Engagement lead

Gavin Barker

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Engagement manager

James Collins

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