



# Annual Audit Letter 2017/18

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

August 2018



A group of business professionals in a meeting, looking at documents. The image is a close-up, slightly blurred, showing several people in business attire. A woman with dark hair is on the left, looking down. A man with grey hair is in the center, also looking down. Another woman is on the right, partially visible. They are all wearing suits and ties. The background is out of focus, suggesting an office or conference room setting. The overall tone is professional and focused.

**Section one**

# Summary for the Joint Independent Audit Committee

## Section one:

# Summary for Joint Independent Audit Committee

This document summarises the key findings in relation to our 2017/18 external audit at the Police & Crime Commissioner for Northamptonshire ('the PCC') and the Chief Constable for Northamptonshire ('the CC').

## Audit opinion

We issued an unqualified opinion on the PCC and CC's 2017/18 financial statements on 31 July 2018. This means that we believe the financial statements give a true and fair view of the financial position of the PCC and CC and of their expenditure and income for the year.

## Financial statements audit

Our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole. Materiality for the Authority's accounts was set at £3.2 million which equates to around 1.7 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

We report to the Joint Independent Audit Committee any misstatements of lesser amounts, other than those that are "clearly trivial", to the extent that these are identified by our audit work. In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £0.16 million.

Whilst we have not identified any material audit adjustments impacting the primary statements, we did identify one unadjusted audit difference above our triviality limit.

We have identified one issue relating to overtime authorisation, for which we raised a recommendation in the previous year, and we consider to be "not implemented". We have also raised a recommendation regarding coding of capital expenditure.

Based upon our initial assessment of risks to the financial statements (as reported to you in our *External Audit Plan 2017/18* and updated during our audit) we identified the following significant risks (excluding those mandated by International Standards on Auditing):

- **Pensions Liabilities** - We have reviewed the valuation of the Local Government Pension Scheme net Liability. We have identified one adjustment in relation to the inclusion of the liability applicable to Voice for Victims Limited in the individual PCC accounts..
- **Valuation of PPE** - We have reviewed the valuation of Property Plant and Equipment. Whilst we are satisfied with the compilation of the valuation, we have identified an adjustment relating to the coding of fit out costs.



## Section one:

# Summary for Joint Independent Audit Committee (cont.)

**Faster Close** – The timetable for the production of the financial statements has been significantly advanced with draft accounts having to be prepared by 31 May (2017: 30 June) and the final accounts signed by 31 July (2017: 30 September). The draft accounts were completed and we received them on the 31 of May in line with the statutory deadline. While we have experienced some delays, particularly regarding the full valuation report from your external Valuers, the processes put in place have seen a significant improvement in accounts production from the previous year.

## Other areas of audit focus

A risk with less likelihood of giving rise to a material error but which are nevertheless worthy of additional audit focus was identified as:

- **Related Parties** – We have reviewed the related party disclosures in the financial statements. We have not identified any significant issues with the related party disclosure made in note 15 of the group accounts.

## Other information accompanying the financial statements

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

## Whole of Government Accounts

The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.

## Section one:

# Summary for Joint Independent Audit Committee (cont.)

## Value for Money conclusion

We completed our 2017/18 risk-based work to consider whether in all significant respects the PCC and CC have proper arrangements to ensure they have taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We concluded that in 2017/18 the PCC and CC had made proper arrangements to secure economy, efficiency and effectiveness in their use of resources except for in relation to MFSS governance.

We therefore issued an "except for" 2017/18 value for money opinion.

## Value for Money risk areas

We set out our assessment of those areas requiring additional risk based work in our External Audit Plan 2017/18 and have updated this assessment during our interim visit. As a result of this we have identified the following significant VFM audit risks:

- **Medium Term Financial Planning** - We have reviewed the Police Medium Term Financial Plan, and we have not identified any specific concerns not already identified as risks within the plan itself. We have, however, raised a recommendation relating to the financial impact of taking on the governance arrangements of the Fire Authority.
- **MFSS Governance and VFM** - We have identified significant issues with the governance arrangements at the Multi-Force Shared Service, particularly in relation to Project Fusion. We have raised a significant recommendation relating to this, however, we do note that the PCC and Chief Constable have already taken significant steps in year to remedy the situation

## High priority recommendations

As a result of our 2017/18 work we raised one high priority recommendation, related to the need to continue to monitor and manage the MFSS contract and the Fusion Project. This was reported and accepted within our 2017/18 ISA260 report.

## Section one:

# Summary for Joint Independent Audit Committee (cont.)

## Certificate

We issued our certificate on 16 August 2018. The certificate confirms that we have concluded the 2017/18 audits of the PCC's and CC's financial statements in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

## Audit fee

Our fee for 2017/18 was £44,291 (split PCC: £29,291 and CC: £15,000), excluding VAT.

## Exercising of audit powers

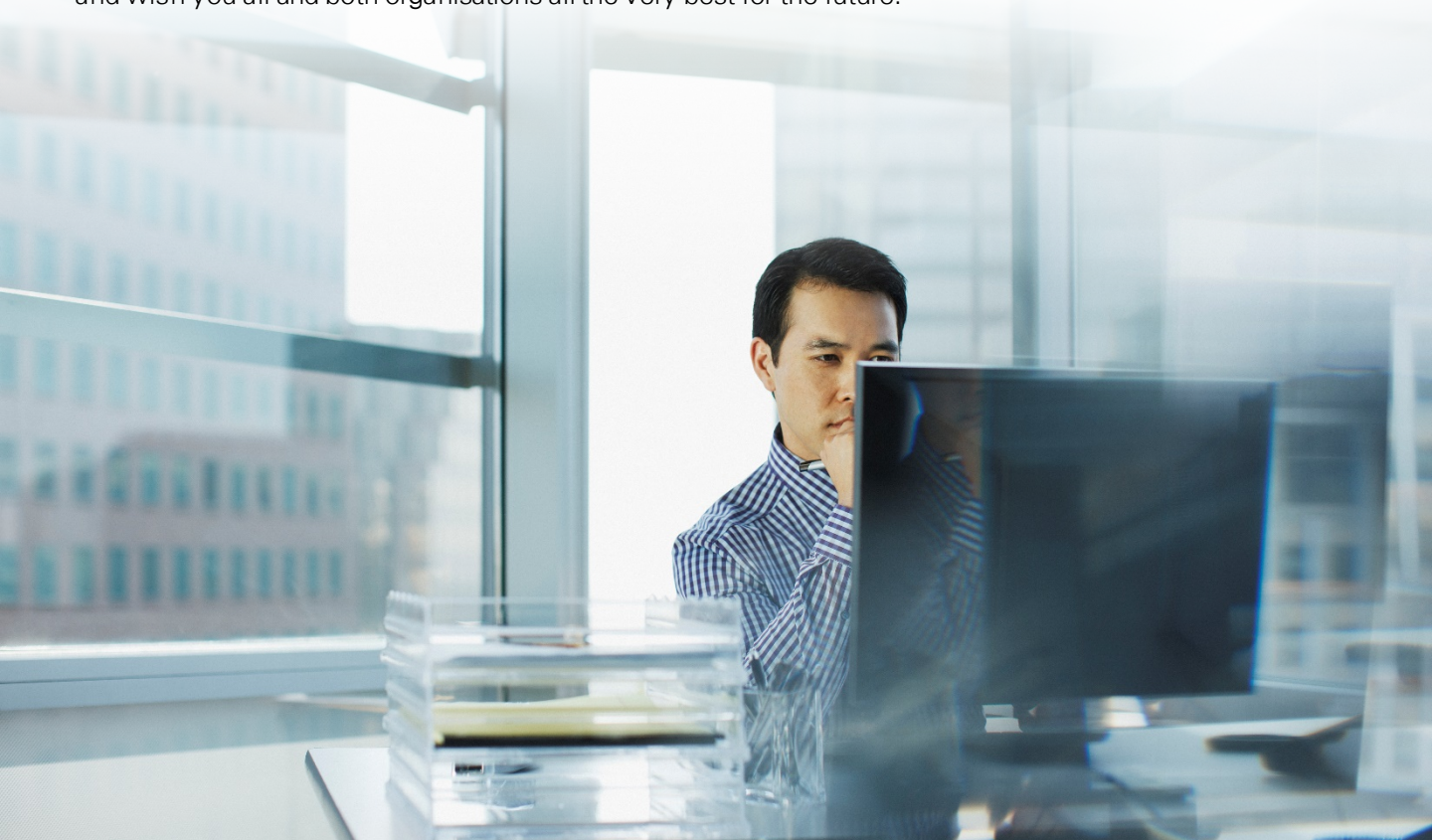
We have a duty to consider whether to issue a report in the public interest about something we believe the PCC or CC should consider, or if the public should know about.

We have not identified any matters that would require us to issue a public interest report.

In addition, we have not had to exercise any other audit powers under the Local Audit & Accountability Act 2014.

## Acknowledgements

We would like to take this final opportunity to thank all officers and Members for their help and assistance over the many years that we have provided the external audit service to Northamptonshire's PCC and CC, and wish you all and both organisations all the very best for the future.



# Appendices



## Appendix 1:

# Summary of reports issued

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

These reports can be accessed via the Joint Independent Audit Committee pages on the PCC and CC's website.

### 2017/18 External Audit Plan

The External Audit Plan set out our approach to the audit of the PCC and CC's financial statements and to support the VFM conclusion.

### 2017/18 Interim Audit Letter

The Interim Audit Letter summarised the results from the preliminary stages of our audit, including testing of financial and other controls.

### Report to Those Charged with Governance

The ISA260 Report to Those Charged with Governance summarised the results of our audit work for 2017/18 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.

### Auditor's Report

The 2017/18 Auditor's Report included our audit opinions on the PCC's and CC's financial statements along with our VFM conclusions and our certificates.

### Annual Audit Letter

This Annual Audit Letter provides a summary of the results of our audit for 2017/18.

2018

January

February

March

April

May

June

July

August

September

October



## Appendix 2:

# Audit fees

This appendix provides information on our final fees for the 2017/18 audit.

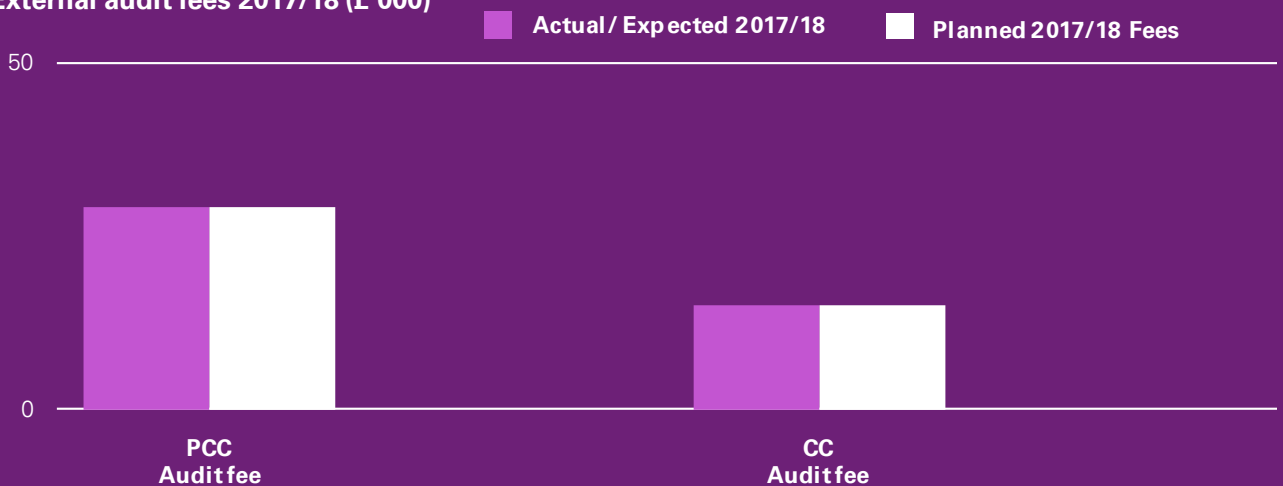
### External audit

Our final fee for the 2017/18 audit of the Police and Crime Commissioner was £29,291, for the audit of the Chief Constable, the fee was £15,000. This compares to a planned fee of £29,291 and £15,000 respectively. 2016/17 total fees were £2,500 more than the 2017/18 audit due to a £2,500 overrun charge in the year.

### Other services

We did not charge any additional fees for other services.

External audit fees 2017/18 (£'000)





The key contacts in relation to our audit are:

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This report is addressed to the Authority and has been prepared for the sole use of the Authority (PCC and CC). We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

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

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

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