



WALES AUDIT OFFICE
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Auditor General for Wales

Audit of Financial Statements Report – **Police and Crime Commissioner for Gwent and Chief Constable for Gwent**

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The team who delivered the work comprised: John Herniman, Tracy Veale and David Burridge.

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This document summarises the conclusions from our audit of the Police and Crime Commissioner's and the Chief Constable's financial statements for 2016-17. The Auditor General intends to issue unqualified audit reports on both sets of financial statements

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements of the Police and Crime Commissioner for Gwent (the Commissioner) and of the Chief Constable for Gwent (the Chief Constable) give a true and fair view of their financial position at 31 March 2017 and of their income and expenditure for the year then ended. The statements also include the Police Pension Fund which is also subject to audit.
- 2 The Auditor General's full responsibilities were set out in our 2017 Audit Plan along with your responsibilities as those charged with governance; we do not repeat them in detail again here.
- 3 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 4 The quantitative level at which we judge such misstatements to be material are:

Exhibit 1: material misstatements

	Police and Crime Commissioner	Chief Constable	Police Pension Fund
Income and Expenditure items and other balances	£1.309 million	£1.309 million	£0.733 million

- 5 Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and reader sensitivity. Therefore, we have applied a lower materiality to certain entries and disclosures.

Status of the audit

- 6 The statutory deadlines for 2016/17 remained as 30 June for the preparation of financial statements and 30 September for their audit certification; however, from 2018/19 onwards these dates will be brought forward to 31 May and 31 July respectively. Therefore, in advance of this change we agreed with both the Commissioner and Chief Constable to pilot the preparation and audit of the financial statements to earlier deadlines this year. We agreed that the financial statements would be provided to us on 7 June and that we would aim to complete our audit by the end of July.
- 7 Having agreed to attempt to meet the earlier deadlines, there were a number of changes in the finance team. Most notably for the accounts production and audit,

the member of staff who led their production left the organisation immediately prior to the accounts being passed to us for audit.

- 8 Despite this, an initial draft of the financial statements were provided to us on 2 June and a second draft, following management review, on 7 June.
- 9 We were able to complete the vast majority of our audit work in the agreed timeframe by the end of July. We received revised financial statements for both the Commissioner and the Chief Constable on 17 August and provided feedback following our review of the revised financial statements to the Finance Team by the 24 August. Our audit is now substantially complete pending review of final amendments to the financial statements and any action arising from this report and approval of the accounts.
- 10 We are grateful to the finance team for their assistance, during the course of our audit, in challenging circumstances given that the key staff who prepared the accounts were not available to respond to queries. Nevertheless, the pilot has been successful as the majority of the work required to compile and audit the accounts was completed within the earlier deadlines.
- 11 Undertaking the production and audit of the accounts to these earlier deadlines has identified a number of learning points for both the finance team and ourselves. We will consider these in more detail at a future post-project learning session to ensure they are captured and built into processes for future years.
- 12 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Head of Finance, Assistant Chief Officer (resources) and Chief Finance Officer. We will produce a separate report with recommendations following the completion of a post-project learning session.

Proposed audit report

- 13 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once the Commissioner and Chief Constable have provided us with Letters of Representation based on that set out in [Appendices 1 and 2](#).
- 14 The proposed audit reports are set out in [Appendices 3 and 4](#).

Significant issues arising from the audit

Uncorrected misstatements

- 15 Where we identify misstatements that are not trivial but have no impact on our opinion, we raise them with management who have the option to amend for them. Where they decide not to amend, their decision needs to be ratified by those charged with governance (the Commissioner and Chief Constable) to ensure they agree. We set out below the misstatements we identified in the financial

statements, which have been discussed with management. Management have decided not to amend these misstatements due to them not being material and therefore not having a significant impact on the accounts or our opinion. If you agree with management and decide not to correct these misstatements, we ask that you provide us with the reasons for non-correction in your Letters of Representation ([Appendices 1 and 2](#)).

- 16 There are three items that have not been adjusted which are summarised below.
- 17 **Balancing items in the year-end bank reconciliation** - there are some balancing items in the year-end bank reconciliation that have not been posted to the ledger and are therefore excluded from the financial statements. Although the Finance team completed a reconciliation of the main bank account to the cashbook at the year-end, there were 23 payments totalling £0.050 million, which were made from the bank account but were not recorded in the cashbook. Therefore, expenditure in the Comprehensive Income and Expenditure is understated by this amount.
- 18 **Pension contributions not correctly classified in the CIES** - as part of the requirements of IAS19, the actual employer contributions to the pension scheme must be replaced by the impact of current service costs as calculated by the pension actuary. However, the pension contributions of Police Community Support Officers which totalled £0.553 million have remained in the 'PCSO Salaries and Allowances line' in the Comprehensive Income and Expenditure Statement (CIES), and the current service costs are included in the 'Police Staff Salaries and Allowances' Line. It should be noted that the actuary does not provide Current Service Costs for PCSOs separately so we are not able to quantify the error. This affects both the Commissioner's Group and Chief Constable Accounts.

Corrected misstatements

- 19 There are misstatements that have been corrected by management, which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendices 5 and 6](#).

Other significant issues arising from the audit

- 20 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year:

- **We have some concerns about the qualitative aspects of your accounting practices and financial reporting.**

The challenges of early closure were exacerbated this year with the loss of the key member of staff who produced the financial statements. This resulted in the draft accounts being presented containing a few omissions (financial instruments notes, benefits in kind omitted from remuneration note

and an unbalanced cash flow) and minor errors. For next year, the new finance team will need to develop a closedown plan that ensures the accounts are complete and time is available for a thorough review prior to the deadline. This should include a review of closedown processes to determine what can be changed to facilitate earlier closure and audit of the accounts. As indicated above, we will work with the team to learn any lessons from this year's audit work.

- **We did not encounter significant difficulties during the audit.**

However, the loss of a key member of staff from the Finance team, and the knowledge gap that this created, resulted in response times to queries being longer than previously encountered.

- **There is one significant matter discussed and corresponded upon with management, which we need to report to you.**

Disclosure requirements of the Code of Practice for Local Government Accounting in relation to the revaluation of Land and Buildings was discussed with management. Whilst the financial statements have now been amended to comply with the Code's requirements, the asset register needs to be fully reconciled to the revised asset valuations so that it is consistent with the accounts. In addition, procedures should be put in place so that Finance systems in the future facilitate full compliance with the Code in this respect.

- **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
- **We did not identify any material weaknesses in your internal controls.**
- **There are no other matters specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

- 21 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 22 We have complied with ethical standards and, in our professional judgment, we are independent and our objectivity is not compromised. There was one potential conflict of interest, which was managed during the audit. Several members of David Burridge's family are police officers in the Force. Our Compliance Department undertook a detailed review and has concluded that the possibility of these relationships affecting the financial results of the Commissioner, the Chief Constable or the audit of the financial statements was considered remote. However, we took steps to ensure that David was not involved in any work specifically relating to the audit of operational policing or direct testing of the Force's payroll.
- 23 There are no other relationships that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation – Police and Crime Commissioner for Gwent

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of Police and Crime Commissioner for Gwent for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Police and Crime Commissioner for Gwent and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- Although the Finance team completed a reconciliation of the main bank account to the cashbook at the year-end, there were 18 payments totalling £0.083 million,

which had been made from the bank account but were not recorded in the cashbook. Therefore, expenditure in the Comprehensive Income and Expenditure is understated by this amount.

- As part of the requirements of IAS19, the actual employer contributions to the pension scheme must be replaced by the impact of Current Service Costs as calculated by the pension actuary. However, the pension contributions of Public Community Support Officers which totalled £0.553 million have remained in the 'PCSO Salaries and Allowances line' in the CIES and the Current Service Costs are included in the 'Police Staff Salaries and Allowances Line'. It should be noted that the actuary does not provide Current Service Costs for PCSOs separately so we are not able to quantify the error. This affects both the Commissioner's Group and Chief Constable Accounts.
- Following the revaluation exercise, the net book value (NBV) of the PFI asset (Ystrad Mynach Police Station) was revalued at £5.624 million, an increase of £0.543 million. However, the net book value of the PFI asset included with Note 13 does not reflect the revalued amount. This did not impact on the total value of Property Plant and Equipment in this note.

Include here an additional representation outlining the reasons for non-amendment of a non-trivial error.

Representations by the Police and Crime Commissioner for Gwent

I acknowledge that the representations made by management, above, have been discussed with me.

I acknowledge my responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. I approved the financial statements for 2016-17 on XX/XXX 2017.

I confirm that I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that it has been communicated to you. I confirm that, as far as I am aware, there is no relevant audit information of which you are unaware.

Signed by:

Chief Financial Officer to the PCC

Date:

Signed by:

Police and Crime Commissioner for Gwent

Date:

Appendix 2

Final Letter of Representation – Chief Constable for Gwent

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of the Chief Constable of Gwent for the year ended 31st March 2017 for the purpose of expressing an opinion on their truth and fairness.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Chief Constable for Gwent and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- Although the Finance team completed a reconciliation of the main bank account to the cashbook at the year-end, there were 18 payments totalling £0.083 million,

which had been made from the bank account but were not recorded in the cashbook. Therefore, expenditure in the Comprehensive Income and Expenditure is understated by this amount.

- As part of the requirements of IAS19, the actual employer contributions to the pension scheme must be replaced by the impact of Current Service Costs as calculated by the pension actuary. However, the pension contributions of Public Community Support Officers which totalled £0.553 million have remained in the 'PCSO Salaries and Allowances line' in the CIES and the Current Service Costs are included in the 'Police Staff Salaries and Allowances Line'. It should be noted that the actuary does not provide Current Service Costs for PCSO's separately so we are not able to quantify the error. This affects both the Commissioner's Group and Chief Constable Accounts

Include here an additional representation outlining the reasons for non-amendment of a non-trivial error.

Representations by the Chief Constable for Gwent

I acknowledge that the representations made by management, above, have been discussed with us.

I acknowledge my responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. I approved the financial statements on XX XXXX 2017.

I confirm that I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that it has been communicated to you. I confirm that, as far as I am aware, there is no relevant audit information of which you are unaware.

Signed by:
Director of Finance – Chief Constable
Date:

Signed by:
Chief Constable for Gwent
Date:

Appendix 3

Proposed audit report of the Auditor General to the Police and Crime Commissioner for Gwent

I have audited the accounting statements and related notes of:

- Police and Crime Commissioner for Gwent;
- Police and Crime Commissioner for Gwent Group; and
- Gwent Police Pension Fund;

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

The Police and Crime Commissioner for Gwent's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.

The Police and Crime Commissioner for Gwent's Group accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement.

The Gwent Police Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts as set out on page XXX, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Police and Crime Commissioner for Gwent' Group accounting statements and the Gwent Police Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group's and the Gwent Police Pension Fund's

circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the Police and Crime Commissioner for Gwent

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Gwent as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on the accounting statements of the Police and Crime Commissioner for Gwent Group

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Gwent Group as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on the accounting statements of the Gwent Police Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of the Gwent Police Pension Fund during the year ended 31 March 2017 and of the amount and disposition of the fund's assets and liabilities as at that date, and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns;
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales

24 Cathedral Road
Cardiff
CF11 9LJ

18 September 2017

Appendix 4

Proposed audit report of the Auditor General to the Chief Constable for Gwent

I have audited the accounting statements and related notes of:

- Chief Constable for Gwent; and
- Gwent Police Pension Fund

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

The Chief Constable for Gwent' accounting statements comprise the Comprehensive Income and Expenditure Statement and Balance Sheet.

The Gwent Police Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page XXX, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Gwent Police Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Chief Constable for Gwent and the Gwent Police Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing

the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the Chief Constable for Gwent

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Chief Constable for Gwent as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on the accounting statements of the Gwent Police Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of Gwent Police Pension Fund during the year ended 31 March 2017 and of the amount and disposition of the fund's assets and liabilities as at that date; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns;
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Chief Constable for Gwent and the Gwent Police Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales

24 Cathedral Road
Cardiff
CF11 9LJ

18 September 2017

Appendix 5

Summary of corrections made to the draft financial statements which should be drawn to the attention of the Police and Crime Commissioner for Gwent

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 2: Summary of corrections made to the draft financial statements

Value of correction	Nature of correction	Reason for correction
£422,000	Narrative Report Reduction in the Earmarked Reserves for the New Police HQ Reserve disclosure in the Narrative Report. The New Police HQ reserve was renamed to Police HQ and Capital Replacement Reserve	To correct the Narrative Report to be consistent with the Earmarked Reserves disclosures in Note 9. The reserve was renamed as the transfers out of the fund (£1,113,000) related to capital spend that was not related to the new Police HQ.
£648,000	Comprehensive Income Expenditure Statement. Reallocation of Past service costs from 'Police Officer and Staff Salaries' to Other Employment Costs in the CIES.	To more appropriately disclose additional pension costs for former employees accruing to 'Other employment costs' rather than being shown as part of current staff costs.
£7,136,000	Comprehensive Income Expenditure Statement. The Commissioner's Premises costs were increased by £7,136,000 in the Comprehensive Income and Expenditure Statement. (Note: there was a corresponding decrease in the Chief Constable's Accounts therefore resulting in no impact on the Group Accounts.)	The impact of valuation losses arising from the valuation of all Land and Buildings was inappropriately charged to the Chief Constable. The Commissioner owns the assets and therefore these losses are a cost of the Commissioner.

Value of correction	Nature of correction	Reason for correction
£93,743,000	<p>Comprehensive Income and Expenditure Statement and Note 7 - Expenditure and Funding Analysis</p> <p>Adjustments to income in the Expenditure and Funding Analysis (EFA) to ensure consistency with Comprehensive Income and Expenditure Statement (CIES).</p>	The CIES column in the EFA statement must agree to the CIES.
£578,000	<p>Movement in reserves statement and Note 9 – Transfer to/from Earmarked Reserves</p> <p>Earmarked Reserves within the Movement in Reserves Statements was increased to reconcile with the closing balance for Ear Marked Reserves within Note 9.</p>	To ensure consistency between the movement in Reserves statements and supporting notes.
Various	<p>Cash Flow Statement and supporting Notes 25 and 26</p> <p>Various adjustments to the notes supporting the Cash flow statement.</p>	To ensure the cash flow statements and supporting notes are consistent with the rest of the Financial Statements.
£1,713,000	<p>Note 7 – Expenditure and Funding Analysis</p> <p>Income increased in Note 7 'Expenditure and Funding Analysis'.</p>	To include the impact of the credit to the CIES of accounting for Gwent's fair share of collaboration income.
£1,500,000	<p>Note 7 – Expenditure and Funding Analysis</p> <p>Expenditure increases in Note 7 'Expenditure and Funding Analysis'.</p>	To include the impact of the charge to the CIES of accounting for Gwent's fair share of collaboration costs.
£543,000	<p>Note 13 – Property, Plant and Equipment</p> <p>The net book value of the PFI asset included with Note 13 was increased by £543,000 to reflect the revaluation of the PFI asset. This did not impact on the total value of Property Plant and Equipment in this note.</p>	The net book value of the PFI asset had not been reflected within Note 13

Value of correction	Nature of correction	Reason for correction
£287,000	Note 13 – Property, Plant and Equipment The 'Land and Buildings' figure was reduced by £287,000 and Vehicles Plant and Equipment increased.	To correct the reclassification of assets purchased in relation to CCTV.
£3,302,000	Note 13 – Property, Plant and Equipment The Net Loss resulting from the revaluation of Land and Buildings as per the footnote under the table in Note 13 (page 56) was understated by this amount.	The loss on revaluation disclosed was not arithmetically correct.
£12,805,000	Note 13 – Property, Plant and Equipment To write back the accumulated depreciation in respect of the revalued assets.	To ensure the correct carry forward value of accumulated depreciation and impairment balance for land and buildings as at 31 March 2017.
£18,572,000	Note 16 – Financial instruments The creditors' figure in the Financial Instruments note was increased from nil to £18,572,000.	This was omitted from the original draft.
£11,016,000	Note 16 – Financial instruments The debtors' figure in the Financial Instruments note was increased from nil to £11,016,000.	This was omitted from the original draft.
£1,235,000	Note 19 – Cash and cash equivalents The adjustment to the cash balance disclosed in narrative in Note 19 for the Police Officer Pensions was reduced from £9,665,000 to £8,431,000.	To replace last year's figure with this year's.

Value of correction	Nature of correction	Reason for correction
Various	<p>Note 30 – Police Officer and Staff Remuneration PCC Group</p> <p>The disclosures of several senior officers' salaries on page 72 were increased. Changes were also made to the Remuneration Relationship disclosures on page 71.</p>	Benefits in kind were added to senior officers' staff as these were not available at the time the Draft Accounts were prepared.
£5,348	<p>Note 30 – Police Officer and Staff Remuneration PCC Group</p> <p>The Deputy Chief Constable (1)'s 'Other payments' were reduced by £1,012 and employer pension contributions reduced by £4,336.</p>	Original figures had not been updated since 2015-16.
£3,400 (PCC Group) £1,700 (PCC)	<p>Note 32 – External Audit Costs</p> <p>The disclosure of the audit fees was reduced.</p>	To reflect the quoted audit fee in our 2017 Audit Plan.
£175,000	<p>Note 35 – Capital Expenditure and Capital Financing</p> <p>The Property, Plant and Equipment balance was increased to include PFI additions. Corresponding changes were made to the Reserves and Capital Creditor balances within Note 35.</p>	To include PFI additions within Note 35 and to ensure consistency between notes
Various	A number of narrative and rounding adjustments were made to the financial statements.	The changes were to ensure consistency, comply with the requirements of the Code and reflect the most up to date position more accurately.

Appendix 6

Summary of corrections made to the draft financial statements which should be drawn to the attention of the Chief Constable for Gwent

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 3: Summary of corrections made to the draft financial statements

Value of correction	Nature of correction	Reason for correction
£7,136,000	<p>Comprehensive Income Expenditure Statement.</p> <p>The Chief Constable's Premises costs were decreased by £7,136,000 in the Comprehensive Income and Expenditure Statement</p> <p>(Note: there was a corresponding increase in the Commissioner's Accounts therefore resulting in no impact on the Group Accounts.)</p>	<p>The impact of valuation losses arising from the valuation of all Land and Buildings was inappropriately charged to the Chief Constable. The Commissioner owns the assets and therefore these losses are a cost of the Commissioner.</p>
£641,000	<p>Comprehensive Income Expenditure Statement.</p> <p>Reallocation of Past service costs from 'Police Officer and Staff Salaries' to Other Employment Costs in the CIES.</p>	<p>To more appropriately disclose additional pension costs for former employees accruing to 'Other employment costs' rather than being shown as part of current staff costs.</p>
Various	<p>Note 13 – Police Officer and Staff Remuneration</p> <p>The disclosures of several senior officers' salaries were increased.</p> <p>Changes were also made to the Remuneration Relationship disclosures.</p>	<p>Benefits in kind were added to senior officers' staff as these were not available at the time the Draft Accounts were prepared.</p>

Value of correction	Nature of correction	Reason for correction
£5,348	<p>Note 13 – Police Officer and Staff Remuneration</p> <p>The Deputy Chief Constable (1)'s 'Other payments' were reduced by £1,012 and employer pension contributions reduced by £4,336.</p>	Original figures had not been updated since 2015-16.
£1,700	<p>Note 15 – External Audit Costs</p> <p>The disclosure of the audit fees was reduced.</p>	To reflect the quoted audit fee in our 2017 Audit Plan.
Various	A number of narrative and rounding adjustments were made to the financial statements.	The changes were to ensure consistency, comply with the requirements of the Code and reflect the most up to date position more accurately.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone.: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru