



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

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

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

The team who delivered the work comprised: Ann-Marie Harkin, Tracy Veale, Kathryn Watts, Gareth Lewis, Shahida Tontus, Rachel Freitag, Greg Soper and Sheila Craig.

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the Police & Crime Commissioner for Gwent (the Commissioner), the Chief Constable of Gwent Police (the Chief Constable) and the Gwent Police Pension Fund (the Pension Fund) as at 31 March 2018 and its income and expenditure for the year then ended.
- 2 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.
- 3 The quantitative levels at which we judge such misstatements to be are:

Exhibit 1: material misstatements

	Police and Crime Commissioner	Chief Constable	Police Pension Fund
Income and Expenditure items and other balances	£1.337 million	£1.337 million	£0.733 million

- 4 Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity. For example, for our audit of senior officer/staff remuneration and related party transactions we adopt a lower materiality level.
- 5 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 6 This report sets out for consideration the matters arising from the audit of the financial statements of the Commissioner, the Chief Constable and the Pension Fund for 2017-18 that require reporting under ISA 260.

Status of the audit

- 7 The statutory deadlines for 2017-18 remained as 30 June for the preparation of financial statements and 30 September for their audit certification; however, for the 2018-19 financial year 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 the earlier deadlines this year. We agreed that the draft

financial statements for both the Commissioner and the Chief Constable would be provided to us on 6 June and that we would aim to complete our audit by 13 July.

- 8 CIPFA's 'Big Red Button' software was used for the first time to prepare the financial statements in an attempt to meet these earlier deadlines. However, we did not receive an initial draft version of the Chief Constable's accounts until 7 June, with the final draft being received on 12 June. The initial draft of the Commissioner's accounts was received on 12 June and the final draft on 18 June.
- 9 The delay in receiving the final draft versions of the financial statements resulted in the potential for the audit to run significantly past the planned audit completion date of 13 July. In order to address this risk, we were able to bring additional staff on to the audit this year. However, this is not an arrangement we could rely on in future years to ensure statutory deadlines are met.
- 10 Our audit is now complete and 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 management letter report with recommendations following the completion of a post-project learning session.

Proposed audit report

- 11 It is the Auditor General's intention to issue unqualified audit reports on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendices 1 and 2](#).
- 12 The proposed audit report is set out in [Appendices 3 and 4](#).

Significant issues arising from the audit

Uncorrected misstatements

- 13 Subject to completion of the audit, there is one uncorrected misstatement remaining in the financial statements, which has been discussed with management but has not been adjusted. We do not consider this to be material to our audit opinion:

- **Costs relating to the construction of the new police headquarters have not been capitalised**
We identified that costs, amounting to £0.653 million, relating to the planning and design of the new police headquarters have not been capitalised. The costs have been included within the Supplies and Services Line of the Comprehensive Income and Expenditure Statement (CIES) rather than capitalised as an asset under construction within Tangible Fixed Assets. Therefore, the revenue expenditure within the CIES is overstated and

Tangible Fixed Assets (Assets Under Construction) understated by £0.653 million.

- 14 Whilst Auditing Standards require us to request that this error is corrected, we accept that the amount involved is not material. Management have told us that they would prefer for the expenditure not to be capitalised pending planning permission and agreement of a final design for the new headquarters. We request that in recommending the approval of the accounts for signature, the Joint Audit Committee consider whether they are content with this approach.

Corrected misstatements

- 15 There are 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. They are set out with explanations in [Appendices 5 and 6](#).

Other significant issues arising from the audit

- 16 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. Our observations are as follows:
- **We have concerns about the qualitative aspects of your accounting practices and financial reporting.**
 - **The quality of the draft accounts provided were not to the expected standard.**

The draft accounts were not appropriately formatted and incomplete due to the first time use of CIPFA's Big Red Button. The draft accounts were also submitted to us after the agreed timetable. It was evident that the draft accounts had not been through a robust quality review process before being submitted to us for audit.

In addition, the draft accounts contained, and the final amended accounts still contain, numerous rounding errors. We understand that these rounding errors were created by the Big Red Button, and despite many attempts to rectify them, the Finance Team have been unable to do so.
 - **Whilst working papers were of a good standard, we encountered difficulties in obtaining timely information.**

Working papers were of a good standard and, overall, provided a good audit trail to source information. However, the working papers were not submitted to us in line with our agreed deliverables schedule but on a request basis.

In addition, we were not made fully aware of all annual leave and other work commitments of the Finance Team. As a result, we could

not effectively plan our work to ensure that the required finance officers were available when needed. Further problems arose due to the fact that audit queries could only be resolved by the staff responsible for individual account areas. This led to further delays in receiving working papers and information when staff were not available.

– **Finance staff had not received the appropriate level of training regarding the new financial system.**

A number of difficulties arose as part of the implementation of the new Agresso Business World (ABW) finance system during the year, for example, relating to the scheme of delegation and the processing of invoices. Finance staff involved in the original implementation of ABW have since left and this loss of knowledge has put additional pressure on the Finance Team. Inexperience amongst the remaining Finance Team was evident when reports to enable reconciliations were not run at the appropriate time and could not be re-worked due to the live nature of the system.

– **Finance staff had not received the appropriate level of training regarding the use of CIPFA's Big Red Button software.**

CIPFA's Big Red Button software was used to compile the accounts for the first time this year. The use of the new Big Red Button software to compile the accounts resulted in difficulties as the Finance Team were unfamiliar with the software and in several instances, had to rely on CIPFA consultants to provide answers. This meant that audit queries took longer to resolve than usual. These issues should reduce next year as the finance team become more experienced with the finance system and the accounts compilation process.

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 points in more detail at a future post-project learning session to ensure they are captured and built into processes for future years.

• **We did encounter significant difficulties during the audit.**

The difficulties encountered have been detailed above.

• **There were no significant matters discussed and corresponded upon with management which we need to report to you.**

• **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**

• **We identified material weaknesses in your internal controls**

– **Control account reconciliations had not been fully completed throughout the year or at the year-end.**

In our June 2018 Audit Update Briefing to Joint Audit Committee

members, which was based on our March 2018 audit visit, we highlighted that control account reconciliations had not been completed during the year.

Although the Finance Team were able to complete the accounts receivable reconciliations retrospectively, this was not possible for the year-end accounts payable reconciliation. The new finance system is a live system and no report was run as at 31 March 2018 to enable the accounts payable reconciliation to take place. As a result, we undertook additional testing of year-end transactions to ensure the creditor balances within the draft financial statements were not materially misstated.

– **Bank reconciliations had not been completed as at 31 March 2018**

No cashbook report was run as at 31 March 2018. As a result, the Finance Team were unable to complete a full year-end bank reconciliation between the bank statement, the cashbook and the general ledger. However, whilst the Finance Team were able to complete a reconciliation between the ledger and the bank statement, unreconciled items amounting to £13, 105 remained unsupported.

It is important going forward that the finance team implement robust internal controls to ensure that monthly reconciliations are completed promptly and thoroughly to give assurance over year-end balances.

- **There are no other matters specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

- 17 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 18 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and Commissioner and Chief Constable for Gwent that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation – Police & 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 2017-18 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of the Police & Crime Commissioner for Gwent and the Police & Crime Commissioner for Gwent Group for the year ended 31 March 2018 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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 the United Kingdom 2017-18; in particular the financial statements give a true and fair view in accordance therewith; and
- 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 & 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. There is one uncorrected misstatement within the financial statements of the Police & Crime Commissioner for Gwent and this is summarised below:

- **Costs relating to the construction of the new police headquarters have not been capitalised**

The external auditors identified that a number of costs, amounting to £0.653 million, relating to the planning and design of the new police headquarters have not been capitalised. The costs have been included within the Supplies and Services Line of the Comprehensive Income and Expenditure Statement (CIES) rather than capitalised as an asset under construction within Tangible Fixed Assets.

As the Chief Finance Officer for the Police & Crime Commissioner for Gwent, I am satisfied that these planning and design costs should not be capitalised until planning permission has been received in August 2018 from Torfaen County Borough Council. Once the decision has been made, and assuming planning permission will be granted, all planning and design costs incurred after the receipt of planning permission will be capitalised.

Representations by the Police and Crime Commissioner for Gwent

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Police & Crime Commissioner for Gwent on 31 July 2018.

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

Signed by:

Signed by:

Chief Finance Officer to the PCC

Police & Crime Commissioner for Gwent

Date:

Date:

Appendix 2

Final Letter of Representation – Chief Constable of Gwent Police

[Audited body's letterhead]

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

[Date]

Representations regarding the 2017-18 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the remuneration report that is subject to audit) of the Chief Constable of Gwent Police for the year ended 31 March 2018 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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 the United Kingdom 2017-18; in particular the financial statements give a true and fair view in accordance therewith; and
- 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 of Gwent Police 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.

Representations by the Chief Constable of Gwent Police

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Chief Constable of Gwent Police on 31 July 2018.

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

Signed by:

Signed by:

Assistant Chief Officer (Resources) – Chief
Constable

Chief Constable for Gwent

Date:

Date:

Appendix 3

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

Report on the audit of the financial statements

Opinion

I have audited the financial statements of:

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

for the year ended 31 March 2018 under the Public Audit (Wales) Act 2004.

The Police & Crime Commissioner for Gwent's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

Gwent Police Pension Fund's financial statements comprise the Fund Account and the Net Assets Statement and related notes.

The Police & Crime Commissioner for Gwent Police Group's financial 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 and the related notes, including a summary of significant accounting policies.

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 2017-18 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of the Police & Crime Commissioner for Gwent; the Gwent Police Pension Fund; and the Police & Crime Commissioner for Gwent Police Group as at 31 March 2018 and of their income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Police & Crime Commissioner, the Pension Fund and the Group in accordance with the ethical requirements that are relevant to my audit

of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Police & Crime Commissioner for Gwent or the Police & Crime Commissioner for Gwent Police 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 responsible financial officer is responsible for the other information in the Narrative Report and accounts. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Police & Crime Commissioner for Gwent, the Gwent Police Pension Fund and the Police & Crime Commissioner for Gwent Police Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

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 financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts [as set out on pages ...to...], the responsible financial officer is responsible for the preparation of the statement of accounts, including the Police & Crime Commissioner for Gwent Police Group's financial statements and Gwent Police Pension Fund's financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Police & Crime Commissioner for Gwent and the Police & Crime Commissioner for Gwent Police Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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 the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Anthony J Barrett
For and on behalf of the Auditor General for Wales
13 August 2018

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 4

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

Report on the audit of the financial statements

Opinion

I have audited the financial statements of:

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

for the year ended 31 March 2018 under the Public Audit (Wales) Act 2004.

The Chief Constable of Gwent Police's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

Gwent Police Pension Fund's financial statements comprise the Fund Account and the Net Assets Statement and related notes.

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 2017-18 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Gwent Police and the Gwent Police Pension Fund as at 31 March 2018 and of their income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Chief Constable of Gwent Police and the Gwent Police Pension Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable of Gwent Police's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The responsible financial officer is responsible for the other information in the Narrative Report and accounts. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Chief Constable of Gwent Police and Gwent Police Pension Fund and their environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

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 financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts [set out on pages ... to ...], the responsible financial officer is responsible for the preparation of the statement of accounts, including the Gwent Police Pension Fund's financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Chief Constable of Gwent Police's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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 the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Anthony J Barrett

For and on behalf of the Auditor General for Wales

13 August 2018

24 Cathedral Road

Cardiff

CF11 9LJ

Appendix 5

Summary of corrections made to the draft financial statements which should be drawn to the attention of the Police & 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: corrections to the draft financial statements of the Police and Crime Commissioner for Gwent Police which do not affect the Police Fund

Value of correction	Nature of correction	Reason for correction
Various	<p>Cash Flow Statement and supporting Notes 24 and 25:</p> <ul style="list-style-type: none"> Notes 24 & 25 - proceeds from the sale of property, plant and equipment, investment property and intangible assets increased by £68,000 to include vehicles. Note 25 - purchase of property, plant and equipment, investment property and intangible assets increased by £63,000. Note 25 - other receipts from investing activities – increased by £65,000. 	To ensure the cash flow statements and supporting notes are consistent with the rest of the Financial Statements.
Various	<p>Note 7a - Note to the Expenditure Funding Analysis Amendment of a number of figures.</p>	To correct figures for consistency with CIES/Note 8.
£63,000	<p>Note 10 – Other Operating Expenditure and Note 27 – Expenditure and Income Analysed by nature Loss on the disposal of non-current assets decreased by £63,000.</p>	To correctly include losses on disposals of vehicles in year.

Value of correction	Nature of correction	Reason for correction
£68,000	<p>Note 14 – Intangible Assets The ‘other disposals’ figure was increased by £68,000 and amortisation written off on disposal was decreased by the same amount.</p>	To reinstate an asset which had not been disposed of during the year.
£7,000	<p>Note 15 – Financial Instruments and Note 11 Financing and Investment Income and Expenditure Short-term investments in Note 15 was increased by £7,000 with a corresponding increase in interest receivable and similar income in Note 11.</p>	To correct the investment and interest receivable position.
£71,000	<p>Note 15 – Financial Instruments and Note 17 Debtors Short-term investment was increased by £71,000 with a corresponding decrease in debtors by £71,000.</p>	To correctly include the interest accrual in investments.
£1,604,000	<p>Note 17 – Debtors Classification issues led to a decrease in ‘Other entities and individuals’ of £1,604,000. This resulted in an increase of £247,000 in Central Government debtors, £1,300,000 in Other Local Authorities and £57,000 in NHS Bodies.</p>	To correct debtor figures following classification issues.
£692,000	<p>Note 20 – Creditors Classification issues led to a decrease in Central government creditors by £692,000, increase in Other police by £593,000 and increase in Other entities by £99,000.</p>	To correct creditor figures following classification issues.
£100,000	<p>Note 20 – Creditors & Note 21 Provisions The creditors balance was increased by £100,000 with a corresponding decrease in provisions.</p>	To correct the year-end creditor and provisions balance.

Value of correction	Nature of correction	Reason for correction
£377,000	Note 21 Provisions To include the provision for the backdated pay award of £377,000.	To correct the provisions balance.
£2,000	Note 21 Provisions To increase bad debt provision by £2,000.	To correct the provisions balance.
£2,000	Note 28 Members' Allowances To include members allowances for the PCC (increase by £2,000) and PCC Group position (£4,000).	To correct the disclosure to show PCC and PCC Group member allowances.
0.04	Note 29 - Police Officer and Staff Remuneration The CC Median pay ratio was increased from 5.06 to 5.10.	To ensure the figure disclosed was calculated using the correct method.
Various	Note 29 - Police Officer and Staff Remuneration The following amendments to staff numbers: <ul style="list-style-type: none"> • police officers (above rank of constable), increased by five; • police officers – constable, increased by 42; • police staff full-time, increased by 35; and • police staff part-time, decreased by seven. 	To correct the disclosure showing staff numbers as at 31 March 2018.

Value of correction	Nature of correction	Reason for correction
£7,341	<p>Note 29 – Police Officer and Staff remuneration</p> <p>A number of amendments to figures within this note:</p> <ul style="list-style-type: none"> • PCC Other Payments figure decreased by £1,400; • Deputy PCC Other Payments figure decreased by £1,050; • Assistant Chief Officer (Resources) Other Payments figure decreased by £2,105; • Assistant Chief Constable (1) Employer Pension Contributions decreased by £2,755; • Assistant Chief Constable (2) Salary decreased by £1,000; and • the Chief Finance Officer to the Police & Crime Commissioner, salary disclosed was decreased by £30 (transposition error). 	To correct amounts to ensure only amounts actually received by individuals were disclosed.
£1,011	<p>Note 29 – Police Officer and Staff Remuneration</p> <p>Chief constable (1) salary decreased by £1,011 and other payments increased by the same amount.</p>	To ensure that senior officer remuneration is disclosed in the correct categories.
£83,000	<p>Note 30 External Audit Costs</p> <p>To include external audit costs for the PCC (increase by £41,000) and PCC Group position (increase by £83,000).</p>	To correct the disclosure to show PCC and PCC Group external audit costs.

Value of correction	Nature of correction	Reason for correction
£988,000	<p>Note 37 – Private finance Initiatives (PFI) and Similar Contracts</p> <p>Figures in the table have been amended as follows:</p> <ul style="list-style-type: none"> • years 2 to 5 increased by £92,000; • years 6 to 10 increased by £142,000; • years 11 to 15 increased by £161,000; and • years 16 to 20 decreased by £1,383,000. 	To ensure finance lease liabilities are shown accurately in the correct periods.
£14,000	<p>Pension Fund</p> <p>To show 'Refunds' to members leaving the scheme separately from benefits paid.</p>	To comply with Code disclosure requirements.
Various	A number of rounding, formatting and narrative adjustments were made to the financial statements.	The changes were to ensure consistency and transparency, comply with the requirements of the Code and reflect the most up-to-date position more accurately.
Various	A number of amendments or inclusion of footnotes to comparative figures.	To correct the comparative figures and to explain for all those notes where the format has changed with the introduction of the Big Red Button. Note only analysis within notes has changed no impact on bottom-line figures.
Various	A number of amendments to figures within the Narrative report.	To correct figures in the Narrative report for consistency with the accounts.

Exhibit 3: Corrections to the draft financial statements of the Police and Crime Commissioner for Gwent Police which do affect the Police Fund

Value of correction	Nature of correction	Reason for correction
£20,000	Note 17 – Debtors Short-term debtors decreased by £20,000 as it had also been correctly included in long-term debtors.	To correct the short-term debtor figure.

Appendix 6

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

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 4: corrections to the draft financial statements of the Chief Constable of Gwent Police which do not affect the Police Fund

Value of correction	Nature of correction	Reason for correction
£692,000	Note 10 – Creditors Classification issues led to a decrease in Central government creditors by £692,000, increase in Other police by £593,000 and increase in Other entities by £99,000.	To correct creditor figures following classification issues.
£1,000	Note 12 Members' Allowances Members' allowances have increased by £1,000.	To correct the disclosure.
0.04	Note 13 - Police Officer and Staff Remuneration The CC Median pay ratio was increased from 5.06 to 5.10.	To ensure the figure disclosed was calculated using the correct method.
Various	Note 13 - Police Officer and Staff Remuneration The following amendments to staff numbers: <ul style="list-style-type: none"> • police officers (above rank of constable), increased by five; • police officers - constable, increased by 42; • police staff full-time, increased by 35; and • police staff part-time, decreased by seven. 	To correct the disclosure showing staff numbers as at 31 March 2018.

Value of correction	Nature of correction	Reason for correction
£7,341	<p>Note 13 – Police Officer and Staff remuneration</p> <p>A number of amendments to figures within this note:</p> <ul style="list-style-type: none"> • Assistant Chief Officer (Resources) Other Payments figure decreased by £2,105; • Assistant Chief Constable (1) Employer Pension Contributions decreased by £2,755; and • Assistant Chief Constable (2) Salary decreased by £1,000. 	To correct amounts to ensure only amounts actually received by individuals were disclosed.
£1,011	<p>Note 13 – Police Officer and Staff Remuneration</p> <p>Chief constable (1) salary decreased by £1,011 and other payments increased by the same amount.</p>	To ensure that senior officer remuneration is disclosed in the correct categories.
£3,000	<p>Note 14 External Audit Costs</p> <p>External audit costs have increased by £3,000.</p>	To correct the disclosure.
£14,000	<p>Pension Fund</p> <p>To show 'Refunds' to members leaving the scheme separately from benefits paid.</p>	To comply with Code disclosure requirements.
Various	A number of rounding, formatting and narrative adjustments were made to the financial statements.	The changes were to ensure consistency and transparency, comply with the requirements of the Code and reflect the most up to date position more accurately.
Various	A number of amendments or inclusion of footnotes to comparative figures.	To correct the comparative figures and to explain for all those notes where the format has changed with the introduction of the Big Red Button. Note only analysis within notes has changed no impact on bottom line figures.

Value of correction	Nature of correction	Reason for correction
Various	A number of amendments to figures within the Narrative report.	To correct figures in the Narrative report for consistency with the accounts.

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