

Audit of Accounts Report –Police and Crime Commissioner for Gwent and Chief Constable of Gwent Police

Audit year: 2021-22

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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.

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We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2021-22 statements of accounts in this report.
- 2 We have already discussed these issues with the Chief Finance Officer for the Police and Crime Commissioner and the Assistant Chief Officer – Resources for the Chief Constable.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of ‘materiality’. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set the levels for this year’s audit as follows:

Exhibit 1: levels of materiality for this year’s audit

	Police and Crime Commissioner	Chief Constable	Police Pension Fund
Income and Expenditure items and other balances	£2.227 million	£2.227 million	£0.890 million

- 5 There are some areas of the accounts that may be of more importance to the reader, and we have set a lower materiality level for these, as follows:
 - Remuneration report/senior pay disclosure and exit packages £1,000
 - Related parties – individuals £10,000
- 6 We have almost completed this year’s audit and are in the final stages of review. However, there are some areas of our work which remain outstanding:
 - Due to errors identified in our initial sample of debtor transactions, we have extended our sample in line with our audit guidance. We are awaiting supporting information for one remaining item of the extended sample.
 - We received information from the IT Department regarding the IT control environment on 26 July and have yet to finish reviewing this area of work; and
 - We are awaiting information from the Finance Team regarding the valuation of and the accounting treatment for donated Personal Protective Equipment that was received by Gwent Police.

- 7 We will provide a verbal update to the Joint Audit Committee on 28 July 2022.
- 8 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.
- 9 There are no other relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this year’s audit

- 10 The COVID-19 pandemic has had a continuing impact on how our audit has been conducted. We summarise in **Exhibit 2** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 2** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year’s audit process.

Exhibit 2 – impact of COVID-19 on this year’s audit

Timetable	<ul style="list-style-type: none"> • The deadline for completing your draft accounts was 31 May 2022 • We received the draft accounts on 31 May 2022. • We expect your audit report to be signed on 29 July 2022. • These dates are as originally planned.
Electronic signatures	If still necessary at the time of approval and signing, we will accept electronic signatures and electronic transfer of files.
Audit evidence	<p>As in previous years, we received the majority of audit evidence in electronic format. We have continued to use various techniques to ensure its validity. Where we have been unable to obtain access to paper documents because of COVID-19 restrictions, e.g., personnel files, we have devised alternative audit methodologies to obtain sufficient audit evidence, including:</p> <ul style="list-style-type: none"> • use of encrypted secure e-mails to share documents; • some information was verified to screen prints or to the live systems via screen sharing; and • video conferencing has enabled the audit team to correspond effectively with the finance team throughout the audit. <p>For testing of existence and ownership of assets we have used a combination of visual identification (where this was practical) access to our land registry tool and photographic evidence.</p>

Proposed audit opinion

- 11 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with Letters of Representation based on that set out in **Appendices 1 and 2**.
- 12 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise, we issue an unqualified opinion.
- 13 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 14 Our proposed audit report for both the Commissioner and the Chief Constable 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 to ensure they agree. The trivial level used for both the Police and Crime Commissioner's accounts and those of the Chief Constable is £111,380 and £44,530 for the Police Pension Fund.
- 16 There are two misstatements identified in the accounts, which remain uncorrected. We set out below the misstatements we identified in the accounts, which have been discussed with management but remain uncorrected. We request that these are corrected. If you decide not to correct these misstatements, we ask that you provide us with the reasons in writing for not correcting them:

Overstatement of Income, 'Other receivable amounts' included within debtors and Police Fund within the Police and Crime Commissioner's financial statements

Our review of debtors noted three manual accruals which had been overstated as follows:

- the estimate for the Police Uplift Programme (PUP) Grant was found to have been overstated by £357,000;
- the Women's Pathfinder partnership accrual was found to be overstated by £42,000; and
- the Women's Pathfinder Scheme accrual, relating to funding from Welsh Government was overstated by £221,000.

This overstatement of debtors has also resulted in an overstatement of Income within the Comprehensive Income and Expenditure Account and an overstatement of the Police Fund.

Management believe that the value of the adjustment is not material to an understanding of the accounts, and so no amendment has been made in the accounts for 2021-22 but will review this area and make all appropriate adjustments in 2022-23.

Understatement of donated income and donated stock

The Chief Constable received donated Personal Protective Equipment (PPE) for her officers and staff during the pandemic which has not been accounted for within the Chief Constable's financial statements, and the Police and Crime Commissioner's Group accounts. Whilst management have not been able to quantify the value of the donated PPE stock utilised in the year, we estimate that the financial statements is not materially mis-stated. The stock balance for these items as at 31 March 2022, has been valued at £64,000.

Management believe that the value of the adjustment is not material to an understanding of the accounts, and so no amendment has been made in the accounts for 2021-22 but will review this area and make all appropriate adjustments in 2022-23.

Corrected misstatements

- 17 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention, and they are set out with explanations in **Appendix 5**.

Other significant issues arising from the audit

- 18 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year.
- 19 We received the draft accounts on 31 May 2022. The majority of working papers were also received on 31 May, with the remaining working papers received when requested. During the audit, we received the majority of information in a timely and helpful manner and were not restricted in our work.
- 20 The draft accounts submitted for audit were of a good standard, and a significant improvement on previous years. Working papers were also of a good quality.

Recommendations

- 21 There are no recommendations arising from our financial audit work. However, we will be making some additional recommendations which we will discuss with

management in our post project learning session and in planning for our 2022-23 audit.

- 22 We will present our Audit of Accounts Addendum Report (formerly known as our Management Letter), containing the recommendations and management's responses to a future Joint Audit Committee. We will also provide an update on progress against recommendations made in previous years.

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 2021-22 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 and Crime Commissioner for Gwent for the year ended 31 March 2022 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 CIPFA Code of Practice on Local Authority Accounting; 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 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; and
- 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.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

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 are two uncorrected misstatements in the financial statements for the Police and Crime Commissioner:

Overstatement of Income, 'Other receivable amounts' included within debtors and Police Fund

Our calculations of year-end accruals resulted in the overstatement of the:

- Police Uplift Programme (PUP) Grant by £357,000;
- the Women's Pathfinder partnership accrual by £42,000; and
- the Women's Pathfinder Scheme accrual, relating to funding from Welsh Government by £221,000.

This overstatement of debtors has also resulted in an overstatement of Income within the Comprehensive Income and Expenditure Account and an overstatement of the Police Fund.

Management believe that the value of the adjustment is not material to an understanding of the accounts, and so no amendment has been made in the accounts for 2021-22 but will review this area and make all appropriate adjustments in 2022-23.

Understatement of donated income and donated stock

The Chief Constable received donated Personal Protective Equipment (PPE) for her officers and staff during the pandemic which has not been accounted for within the Chief Constable's financial statements, and the Police and Crime Commissioner's Group accounts. Whilst we have not been able to quantify the value of the donated PPE stock utilised in the year, we estimate that the financial statements is not materially mis-stated. The stock balance for these items as at 31 March 2022, has been valued at £64,000.

Management believe that the value of the adjustment is not material to an understanding of the accounts, and so no amendment has been made in the accounts for 2021-22 but will review this area and make all appropriate adjustments in 2022-23.

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 on [\[insert date\]](#).

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 Finance Officer to the Police and
Crime Commissioner for Gwent

Signed by:

Police and 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 2021-22 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 for Gwent Police for the year ended 31 March 2022 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 CIPFA Code of Practice on Local Authority Accounting; 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 for 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; and
- 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.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

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 in the financial statements for the Chief Constable:

Understatement of donated income and donated stock

The Chief Constable received donated Personal Protective Equipment (PPE) for her officers and staff during the pandemic which has not been accounted for within the Chief Constable's financial statements. Whilst we have not been able to quantify the value of the donated PPE stock utilised in the year, we estimate that the financial statements is not materially mis-stated. The stock balance for these items as at 31 March 2022, has been valued at £64,000.

Management believe that the value of the adjustment is not material to an understanding of the accounts, and so no amendment has been made in the accounts for 2021-22 but will review this area and make all appropriate adjustments in 2022-23.

Representations by the Chief Constable for Gwent Police

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 on [\[insert date\]](#).

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:

Assistant Chief Officer – Resources for the
Chief Constable of Gwent Police

Signed by:

Chief Constable of Gwent Police

Date:

Date:

Appendix 3

Proposed Audit Report of the Auditor General to the Police and Crime Commissioner for Gwent

The independent auditor's report of the Auditor General for Wales to the Police and Crime Commissioner for Gwent

Opinion on financial statements

I have audited the financial statements of:

- Police and Crime Commissioner for Gwent;
- Police and Crime Commissioner for Gwent Group which comprise the Police and Crime Commissioner for Gwent and the Chief Constable of Gwent Police
- Gwent Police Pension Fund

for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

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

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

The Gwent Police Pension Fund financial statements comprise the Fund Account and Net Assets Statement and related notes

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund as at 31 March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 and Crime Commissioner for Gwent and the Police and Crime Commissioner for Wales' 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

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

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 2021-22;
- The information given in the joint Annual Governance Statement of the Police and Crime Commissioner for Gwent and the Chief Constable for Gwent for the financial year for which the financial statements are prepared is consistent with the financial statements and the joint 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 Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the joint 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, or returns adequate for my audit have not been received from branches not visited by my team;
- 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.

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 the responsible financial officer is responsible for the preparation of the statement of accounts, including the Police and Crime Commissioner for Gwent' Group financial statements and the Gwent Police Pension Fund, 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 and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund'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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Police and Crime Commissioner for Gwent and his head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias when calculating accounting estimates;
- Obtaining an understanding of Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund's framework of authority as well as other legal and regulatory frameworks that the Police and Crime Commissioner for Gwent and the Police and Crime Commissioner for Gwent Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;

- enquiring of management, the Joint Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

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.

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.

Ann-Marie Harkin
For and on behalf of the Auditor General for Wales
29 July 2022

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 4

Proposed Audit Report of the Auditor General to the Chief Constable of Gwent Police

The independent auditor's report of the Auditor General for Wales the Chief Constable of Gwent Police

Opinion on financial statements

I have audited the financial statements of:

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

for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

The Chief Constable of Gwent' financial statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the related notes including a summary of significant accounting policies.

The Gwent Police Pension Fund financial statements comprise the Fund Account, the Net Assets Statement and related notes

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Gwent and the Gwent Police Pension Fund as at 31 March 2022 and of their income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 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

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable of Gwent and the Gwent Police Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

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 2021-22;
- The information given in the joint Annual Governance Statement of the Police and Crime Commissioner for Gwent and the Chief Constable for Gwent for the financial year for which the financial statements are prepared is consistent with the financial statements and the joint 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 Chief Constable of Gwent and the Gwent Police Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the joint 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, or returns adequate for my audit have not been received from branches not visited by my team;
- 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.

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, the responsible financial officer is responsible for the preparation of the statement of accounts, and the Gwent Police Pension Fund, 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 and the Gwent Police Pension Fund'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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Chief Constable of Gwent and his head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Chief Constable of Gwent and the Gwent Police Pension Fund policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias when calculating accounting estimates;
 - Obtaining an understanding of the Chief Constable of Gwent and the Gwent Police Pension Fund's framework of authority as well as other legal and regulatory frameworks that the Chief Constable of Gwent operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Chief Constable of Gwent and the Gwent Police Pension Fund.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Joint Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Chief Constable of Gwent and the Gwent Police Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

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.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Chief Constable of 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.

Ann-Marie Harkin
For and on behalf of the Auditor General for Wales
29 July 2022

24 Cathedral Road
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Appendix 5

Summary of corrections to the draft financial statements of the Police and Crime Commissioner for Gwent (Group) and the Chief Constable of Gwent Police which do not affect the Police Fund Balance

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

Value of correction	Nature of correction in the Commissioner's accounts	Nature of correction in the Chief Constable's accounts	Reason for correction
£1363k	<p>Comprehensive Income and Expenditure Account</p> <p>Decrease in Other Operating Expenditure Increase in Cost of Services Income</p>	None	<p>To correctly classify income as Cost of Services Income in accordance with the Local Government Code of Practice.</p> <p>Income had been incorrectly classified as Other Operating Expenditure. The correct classification was Cost of Service income.</p>
£432k	<p>Comprehensive Income and Expenditure Account</p> <p>Increase in depreciation charge , (supplies and services)</p> <p>Decrease in gains/losses loss on the disposal of Non-Current Assets decrease (Other operating expenditure)</p>	None	<p>To correctly account for assets which were still owned by the Police & Crime Commissioner for Gwent on 31 March 2022 in accordance with the Local Government Code of Practice.</p> <p>Mobile phones that were designated for disposal had been passed to the company performing this function, but the company had not yet disposed of the mobile phones as at 31 March 2022.</p>

<p>£423k</p>	<p>Cash Flow</p> <p>Increase Note 26 – Cash Flow from Investing Activities - Purchase of Property, plant and equipment, investment property and intangibles assets.</p> <p>Decrease in adjustment to surplus or deficit on the provision of services for noncash movements</p>	<p>None</p>	<p>To correctly account for intangible assets in accordance with the Local Government Code of Practice.</p> <p>Intangible additions were not included in Note 26 – Cash Flow from Investing Activities - Purchase of Property, plant and equipment, investment property and intangibles assets.</p>
<p>£978k</p>	<p>Note 21 Creditors</p> <p>Increase in Trade Payables</p> <p>Decrease in Other Payables</p>	<p>None</p>	<p>To correctly classify Creditors in accordance with the Local Government Code of Practice.</p> <p>Capital Accrual was mis-classified in note 21.</p>

<p>Various amendments</p>	<p>All Primary Financial Statements and related notes</p> <p>Amendments to the accounting entries included in the Financial Statements in respect of the full estates' revaluation.</p>	<p>None</p>	<p>To ensure compliance with the requirements the Local Government Code of Practice.</p> <p>Amendments were made to the Comprehensive Income and Expenditure Statement, Note 13 – Property, Plant and Equipment and Revaluation Reserve and Cashflow</p>
<p>Narrative disclosures</p>	<p>Various narrative amendments were made to the Financial Statements</p>	<p>None</p>	<p>To ensure compliance with the requirements the Local Government Code of Practice</p>



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.