



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

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

Audit year: 2017-18

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infoofficer@audit.wales.

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.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

The team who delivered the work comprised Anne-Marie Harkin, Michelle Phoenix, Alan Hughes and the Police and Crime Commissioner for North Wales and Chief Constable for North Wales audit team.

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The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

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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 and Crime Commissioner for North Wales (the Commissioner) and the Chief Constable for North Wales (the Chief Constable) at 31 March 2018 and their 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 material for the Commissioner and the Chief Constable are £2.232m for income and expenditure items and other balances. We have applied a different level at which we judge misstatements to be material for the Police Pension Fund. The quantitative level for income and expenditure items and other balances for the Police Pension fund is £0.435m. 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.
- 4 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.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of the Commissioner and the Chief Constable, for 2017-18, that require reporting under ISA 260. We have not included any significant recommendations in this report. However we have identified some minor areas for improvement for future years and will issue a separate report for management summarising the less significant issues identified during the audit along with any relevant recommendations.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2018 on 29 May, following their approval by the Chief Finance Officer of the Police and Crime Commissioner's office and Director of Finance and Resources to the Chief Constable. We are pleased to report that the pilot timetable undertaken in anticipation of the earlier deadlines that will be implemented for 2018-19 was achieved for both the preparation of the accounts and the audit, with our work substantially complete by 31 July.
- 7 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 Chief Finance Officer of the

Police and Crime Commissioner's office and the Director of Finance and Resources to the Chief Constable.

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the financial statements of both the Commissioner and the Chief Constable once you have provided us with Letter of Representations based on that set out in [Appendix 1](#) and [Appendix 2](#).
- 9 The proposed audit reports are set out in [Appendix 3](#) and [Appendix 4](#).

Significant issues arising from the audit

Uncorrected misstatements

- 10 We set out below the misstatement identified in the financial statements, which have been discussed with management but remain uncorrected, and request that they are corrected. If you decide not to correct the misstatements, we ask that you provide us with the reasons for non-correction.

[Employer pension contributions paid in the year of £1.5 million, relating to 2018/19 and 2019/20, should have been charged against the general fund in 2017/18 rather than being held as a prepayment in the Balance Sheet and not deducted from the pension fund liability.](#)

- 11 The Commissioner and Chief Constable have paid a single lump sum of £2.250 million in 2017/18 to the Gwynedd Pension Fund which includes £1.5 million relating to 2018/19 and 2019/20. The payment relating to future years has not been charged to the Comprehensive Income and Expenditure in the year but has been included in the Balance Sheet as a prepayment. The pension liability has also been decreased by a corresponding amount to ensure assets are not double accounted in the balance sheet.
- 12 The statutory requirements for the local government pension scheme are set out in the Local Government Pension Scheme Regulations 2013 (the 2013 Regulations). Accounting requirements are specified in the Local Authorities (Capital Finance and Accounting)(Wales) Regulations 2003 (the 2003 Regulations). Regulation 24 of the 2003 Regulations requires the Commissioner and Chief Constable to charge to a revenue account the amount equal to the payments made in the year.
- 13 The full amount of the £2.250 million paid in the year should have been charged to the Comprehensive Income and Expenditure Account and so charged in full against the General Fund. The pension liability should have been £1.5 million higher within the balance sheet.

The revaluation of assets has been incorrectly accounted for at 31 March 2018 instead of at 1 April 2017, the date of the Valuer's report.

- 14 The Valuer's report is dated 1 April 2017, however the new valuations have been included within the fixed asset register at 31 March 2018. Depreciation on these assets has been incorrectly calculated using the historic value and is over stated by £10,000. The impairment losses charged to the Comprehensive Income and Expenditure Account and the Capital Adjustment Account have been overstated by £26,000 and the revaluation reserve understated by £60,000.

The upgraded fixed asset register calculates depreciation over 13 months per year.

- 15 Assets lives are set within the system and depreciation is charged in full years, so for most assets this is not an issue. However, some vehicles and buildings that were acquired in prior years have been depreciated from the point of acquisition and for these assets the 13 month period is causing the depreciation charge to be overstated in year. This is a timing difference for when depreciation is charged against the asset and so will eventually resolve itself.
- 16 We have estimated that depreciation charged on vehicles and buildings has been overstated in 2017/18 by £34,000, with the value of Property Plant and Equipment understated by this amount of Expenditure within the Comprehensive Income and Expenditure Account overstated.

Short term debtors have been overstated by £9,025 due to the following:

- £9,115 of long term debtors has been incorrectly classified as short term debtors
- A prepayment has been miscalculated, understating the amount by £90

Corrected misstatements

- 17 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 [Appendix 5](#).

Other significant issues arising from the audit

- 18 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year:
- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and easy to understand. We

concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.

- **We encountered some difficulties during the audit.** Whilst we received the majority of information requested in a timely and helpful manner, we experienced some difficulties in obtaining the information requested to enable us to undertake our audit of payroll costs included within the financial statements. We understand that the payroll team have a demanding work load, However it will be important to ensure that information is provided on a timely basis going forward if the earlier closing deadline is to be met.
We will work with the payroll team to ensure that there is a plan in place to enable us all to undertake our work efficiently and within the required timetable.
- **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 did not identify any material weaknesses in your internal controls.**
- **There are no other matters specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

- 19 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 20 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 the Commissioner or the Chief Constable that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation – Police and Crime Commissioner for North Wales

Police and Crime Commissioner for North Wales

Glan Y Don,
Abergele Road,
Colwyn Bay,
LL29 8AW

Auditor General for Wales

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

20 September 2018

Representations regarding the 2017-18 financial statements

This letter is provided in connection with your audit of the financial statements of the Police and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales Group and the North Wales Police Pension Fund 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 code of practice on local authority accounting in the UK; 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 and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

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

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

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

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

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

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

- Employer pension contributions paid in the year of £1.5 million, relating to 2018/19 and 2019/20, should have been charged against the general fund in 2017/18 rather than being held as a prepayment in the Balance Sheet and not deducted from the pension fund liability.
- The revaluation of assets has been incorrectly accounted for at 31 March 2018 instead of at 1 April 2017, the date of the Valuer's report.
- The upgraded fixed asset register calculates depreciation over 13 months per year.
- Short term debtors have been overstated by £9,025

Representations by the Police and Crime Commissioner for North Wales

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 20 September 2018.

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:

K Jackson

Chief Financial Officer to the Police and
Crime Commissioner for North Wales

Date: 20 September 2018

Signed by:

Arfon Jones

Police and Crime Commissioner for
North Wales

Date: 20 September 2018

Appendix 2

Final Letter of Representation – Chief Constable for North Wales

Chief Constable for North Wales
Glan Y Don,
Abergele Road,
Colwyn Bay,
LL29 8AW

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

20 September 2018

Representations regarding the 2017-18 financial statements

This letter is provided in connection with your audit of the financial statements of the Chief Constable for North Wales and the North Wales Police Pension Fund 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 code of practice on local authority accounting in the UK; 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 and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

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

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

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

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

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

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

- Employer pension contributions paid in the year of £1.5 million, relating to 2018/19 and 2019/20, should have been charged against the general fund in 2017/18 rather than being held as a prepayment in the Balance Sheet and not deducted from the pension fund liability.
- Short term debtors have been overstated by £9,025

Representations by the Chief Constable for North Wales

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 20 September 2018.

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:

Richard Muirhead

Director of Finance and Resources
to the Chief Constable

Date: 20 September 2018

Signed by:

Gareth Pritchard

Temporary Chief Constable for North
Wales

Date: 20 September 2018

Appendix 3

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

Opinion

I have audited the financial statements of:

- Police and Crime Commissioner for North Wales;
- Police and Crime Commissioner for North Wales Group; and
- North Wales Police Pension Fund

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

The Police and Crime Commissioner for North Wales' 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.

The Police and Crime Commissioner for North Wales' Group 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 North Wales Police Pension Fund's financial statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2018 based on International Financial Reporting Standards (IFRSs).

Opinion on the accounting statements of the Police and Crime Commissioner for North Wales

In my opinion the accounting statement and related notes:

- give a true and fair view of the financial position of the Police and Crime Commissioner for North Wales as at 31 March 2018 and of its 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 2018.

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

In my opinion the accounting statement and related notes:

- give a true and fair view of the financial position of the Police and Crime Commissioner for North Wales Group as at 31 March 2018 and of its 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 2018.

Opinion on the accounting statements of the North Wales Police Pension Fund

In my opinion the accounting statement and related notes:

- give a true and fair view of the financial position of the North Wales Police Pension Fund as at 31 March 2018 and of its 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 2018.

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 and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales' Group and the North Wales 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 Police and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales' Group and the North Wales Police Pension Fund'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 annual report and accounts. The other information comprises the information included in the

annual 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 2018;
- 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 and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales' Group and the North Wales 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 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 and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales

Group and the North Wales 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.

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 North Wales Group financial statements and the North Wales Police Pension Fund 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 and Crime Commissioner for North Wales', the Police and Crime Commissioner for North Wales' Group and the 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.

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
28 September 2018

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 4

Proposed audit report of the Auditor General to the Chief Constable for North Wales

Opinion

I have audited the financial statements of:

- The Chief Constable for North Wales: and
- The Police Pension Fund Accounts

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

The Chief Constable for North Wales' 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.

The North Wales Police Pension Fund's financial statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2018 based on International Financial Reporting Standards (IFRSs).

Opinion on the accounting statements of the Chief Constable for North Wales

In my opinion the accounting statement and related notes:

- give a true and fair view of the financial position of the Chief Constable for North Wales as at 31 March 2018 and of its 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 2018.

Opinion on the accounting statements of the North Wales Police Pension Fund

In my opinion the accounting statement and related notes:

- give a true and fair view of the financial position of the North Wales Police Pension Fund as at 31 March 2018 and of its 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 2018.

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 for North Wales and the North Wales 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 for North Wales and the North Wales Police Pension Fund'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 annual report and accounts. The other information comprises the information included in the annual 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 2018;

- 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 for North Wales, and the North Wales 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 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 North Wales and the North Wales 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.

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 North Wales Police Pension Fund 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 for North Wales' and the 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.

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
28 September 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 and Crime Commissioner for North Wales and the Chief Constable for North Wales

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.

Value of correction	Nature of correction	Reason for correction
(£1,137,000)	<p>Group Comprehensive Income and Expenditure Statement:</p> <p>The Home Office Grant payable towards the cost of retirement benefit was reduced by £1,137,000 to remove the Group's / Commissioners share of the costs of the Police Pension Fund.</p> <p>The Deficit on Provision of Services and the Total Comprehensive Income and Expenditure were increased and the debtor due from the Home Office within Short Term Debtors (Note 14) was reduced by the same amount.</p>	<p>To ensure full compliance with the Code of Practice on Local Authority Accounting, ensure presentational accuracy in line with International Financial Reporting Standards.</p>
£847,000	<p>Note 12 Property Plant and Equipment</p> <p>The value of Land and Buildings has been increased by £847,000 to bring the values in line with the final valuation certificate received from the Valuer.</p> <p>There have been corresponding entries within impairment charges to the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure</p>	<p>To ensure full compliance with the Code of Practice on Local Authority Accounting, ensure presentational accuracy in line with International Financial Reporting Standards.</p>

Value of correction	Nature of correction	Reason for correction
	Account, the Movement in Reserves, Note 7 Adjustment between Accounting Basis and Funding Basis under Regulations, the Revaluation Reserve, the Capital Adjustment account and the Movement in Reserves	
Various	<p>A number of below material narrative, presentational and other amendments were made to the accounts. The disclosures affected were:</p> <ul style="list-style-type: none"> • The Group Expenditure and Funding statement • The Group Cash flow statement • Note 12 Property Plant and Equipment • Note 25 Officers' Remuneration • Note 30 Leases • Note 33 Defined Benefits Pension Schemes • Note 35 Financial Instruments 	To ensure full compliance with the Code of Practice on Local Authority Accounting, ensure presentational accuracy in line with International Financial Reporting Standards, and improve or correct narrative disclosures.

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