

Audit of Accounts Report – Police & Crime Commissioner for North Wales and the Chief Constable for North Wales Police

Audit year: 2019-20

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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.

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

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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 2019-20 accounts in this report.
- 2 We have already discussed these issues with Kate Jackson, Chief Finance Officer of the Police and Crime Commissioner's office and Seb Phillips, the Director of Finance and 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 this level at £2.374m for this year's audit of the Police and Crime Commissioner, the Police and Crime Commissioner Group and the Chief Constable's financial statements.
- 5 We set materiality at £901k for the North Wales Police Pension Fund.
- 6 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:
 - Officers remuneration £1,000
 - Relates parties £20,000
- 7 We have now substantially completed this year's audit.
- 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. We have previously notified you of a potential threat to auditor independence and objectivity arising from a one of my staff being married to and one related to serving police officers, and confirm that the planned safeguards set out in our Audit Plan have operated as intended.

Impact of COVID-19 on this year's audit

- 9 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 10 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

Exhibit 1 – impact of COVID-19 on this year’s audit

Timetable	<ul style="list-style-type: none">• Officers provided us with good-quality draft accounts on 1 June 2020 as planned. This is in line with last year and complies with regulatory deadlines.• We expect your audit report to be signed by 7 October 2020.
Electronic signatures	Given current social distancing requirements, it may be difficult for signing and certification of the accounts in hard copy this year. We may need to use electronic signatures for this purpose and will accept electronic signatures from the Police and Crime Commissioner and the Chief Constable. We will liaise with management to ensure relevant arrangements are in place.
Conducting the audit approach and obtaining audit evidence	Due to social distancing measures, Audit Wales staff are currently working remotely from home. As a result, we adopted new ways of working: <ul style="list-style-type: none">• worked closely with the finance team to facilitate prompt response to our audit queries and requests;• held weekly meetings with the Head of Finance (Assistant Director) and his team throughout the audit to discuss progress and emerging issues; and• held regular catch ups with the Chief Finance Officer of the Police and Crime Commissioner’s office and the Director of Finance and Resources for the Chief Constable.

- 11 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

Proposed audit opinion

- 12 We intend to issue unqualified audit opinions on this year’s accounts once you have provided us with Letters of Representation based on those set out in **Appendix 1** and **Appendix 2**.
- 13 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 14 Our proposed audit reports are set out in **Appendix 3** and **Appendix 4**.
- 15 The audit report for the Police and Crime Commissioner includes 2 Emphasis of Matters which draw attention to uncertainties arising from circumstances caused by the COVID-19 pandemic:

- Note 12 'Property, Plant and Equipment' which describes an estimation uncertainty at the end of the reporting period, that potentially has a significant risk of resulting in a material adjustment to the carrying amounts of land and buildings (this is a widespread issue); and
 - Note 34 'Defined Benefits Pension Scheme' which describes material valuation uncertainty clauses in the valuation reports on Pooled Property Funds held by the Gwynedd Pension Fund (this is a widespread issue).
- 16 The audit report for the Chief Constable for North Wales Police also includes the Emphasis of Matter on the valuation uncertainty of pooled property funds within Gwynedd Pension Fund:
- Note 17 'Defined Benefits Pension Scheme' which describes material valuation uncertainty clauses in the valuation reports on Pooled Property Funds held by the Gwynedd Pension Fund (this is a widespread issue).
- 17 My opinions are not modified in respect of these matters.
- 18 The Letters of Representation contain 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.

Significant issues arising from the audit

Uncorrected misstatements

- 19 We set out below the misstatement we identified in the accounts, which has 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.
- Treatment of Wrexham Town police station lease. The lease for this police station is currently accounted for as an operating lease within the accounts. Our review of the lease has identified that it should be treated as a finance lease. If this was corrected, it would reduce the overall asset value in the financial statements by £351,000, with an additional finance lease liability recognised and associated entries to the revaluation reserve and capital adjustment account.

Discussions with the finance team has confirmed that the lease will be reviewed during 2020-21 as part of the implementation of IFRS 16 leases. All leases will be assessed, and amendments made where applicable to ensure appropriate classification in line with the requirements of the IFRS.
 - Note 36(e) - Financial instruments maturity analysis. The amount disclosed for liabilities maturing not more than one year is understated by £120,000. This a disclosure note only and does not impact on the financial position at 31 March 2020.

Corrected misstatements

20 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

21 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 some issues arising in these areas this year as shown in **Exhibit 2**:

Exhibit 2 – significant issues arising from the audit

Treatment of IT assets	<p>Our review of Note 12 'Property Plant and Equipment' identified some IT assets classified as tangible assets which we believe should be classified as intangible assets.</p> <p>Our testing also identified some of these IT assets may not have been fully operational at the year end and so should have been classified as assets under construction.</p> <p>This does not impact on the overall valuation of 'Long Term Assets' within the balance sheet at 31 March 2020.</p>	<p>We have agreed with management they will undertake a review of all IT assets during 2020-21 to identify any intangible assets.</p> <p>They will also put into place procedures to identify assets under construction.</p>
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Appendix 1

Final Letter of Representation: Police and Crime Commissioner

Police and Crime Commissioner for North Wales

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

Auditor General for Wales

Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

5 October 2020

Representations regarding the 2019-20 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 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 2020 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 United Kingdom 2019-20; 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 North Wales, the Police and Crime Commissioner for North Wales' Group and the North Wales Police Pension Fund 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 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 5 October 2020.

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

5 October 2020

Signed by:

Arfon Jones
Police and Crime Commissioner for North
Wales

5 October 2020

Appendix 2

Final Letter of Representation: Chief Constable

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

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

5 October 2020

Representations regarding the 2019-20 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 North Wales Police and the North Wales Police Pension Fund for the year ended 31 March 2020 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 United Kingdom 2019-20; 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, North Wales Police and the North Wales Police Pension Fund 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. There are no uncorrected misstatements in the financial statements.

Representations by the Chief Constable for North Wales 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 5 October 2020.

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:

Signed by:

S Phillips

Director of Finance and Resources to
the Chief Constable, North Wales
Police

5 October 2020

Carl Foulkes

Chief Constable, North Wales Police

5 October 2020

Appendix 3

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

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the:

- 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 2020 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 2019-20 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 and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales' Group and North Wales Police Pension Fund as at 31 March 2020 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 2019-20.

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.

Emphasis of Matter – effects of COVID-19 on the Police and Crime Commissioner for North Wales and the Police and Crime Commissioner for North Wales' Group's assets valuations

I draw attention to Note 12 in the financial statements, which describes the material valuation uncertainty clause in the valuation report on the Police and Crime Commissioner for North Wales and the Police and Crime Commissioner for North Wales' Group's property arising from circumstances caused by the COVID-19 pandemic. My opinion is not modified in respect of this matter.

Emphasis of Matter – effects of COVID-19 on the Police and Crime Commissioner for North Wales and the Police and Crime Commissioner for North Wales' Group's property pension fund valuations

I draw attention to Note 34 to the financial statements, which describes material valuation uncertainty clauses in the valuation report's on Pooled Property Funds held by the Gwynedd Pension Fund arising from circumstances caused by the COVID-19 pandemic. My opinion is not modified in respect of this matter.

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 Statement of Accounts. The other information comprises the information included in the Statement of Accounts 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 2019-20; 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 and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales' Group and the North Wales Police Pension Fund and their environments 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:

- proper 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, 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 North Wales 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.

Adrian Compton
Auditor General for Wales
7 October 2020

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 4

Proposed independent auditor's report of the Auditor General for Wales to the Chief Constable for North Wales Police

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the:

- Chief Constable for North Wales Police; and
- North Wales Police Pension Fund.

for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004.

The Chief Constable for North Wales Police 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 2019-20 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 for North Wales Police and North Wales Police Pension Fund as at 31 March 2020 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 2019-20.

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 Police and 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.

Emphasis of Matter – effects of COVID-19 on the Chief Constable for North Wales Police’s property pension fund valuations

I draw attention to Note 17 to the financial statements, which describes material valuation uncertainty clauses in the valuation report’s on Pooled Property Funds held by the Gwynedd Pension Fund arising from circumstances caused by the COVID-19 pandemic. My opinion is not modified in respect of this matter.

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 Chief Constable for North Wales Police and 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 Statement of Accounts. The other information comprises the information included in the Statement of Accounts 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 2019-20; 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 for North Wales Police and North Wales Police Pension Fund and their environments 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:

- proper 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 Police and 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, 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 Police and North Wales 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.

Adrian Compton
Auditor General for Wales
7 October 2020

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 5

Summary of Corrections Made

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	Reason for correction
£19,879,000	<p><u>Group accounts</u> Comprehensive Income and Expenditure Account – Pensions was amended from £77,158,000 to £57,279,000</p> <p>The adjustment also impacted upon 'Actuarial (gains)/losses on pension assets/liabilities in the Comprehensive Income and Expenditure Account the 'Liability relates to defined pension scheme' and 'the Pensions Reserve' on the Balance sheet by corresponding amounts.</p> <p>Appropriate corresponding adjustments were also reflected in:</p> <ul style="list-style-type: none">• Expenditure and Funding Analysis and associated notes• Movement in Reserves Statement and associated notes• Cash Flow Statement and associated notes• Note 10 'Financing and Investment	<p>To account for the estimated impact of the McCloud remedy on the pension fund valuations at 31 March 2020.</p>

Value of correction	Nature of correction	Reason for correction
	<p>Income and Expenditure'</p> <ul style="list-style-type: none"> Note 34 'Defined Benefits Pensions Schemes' <p>There are corresponding adjustments in the accounts of the Chief Constable.</p> <p>The adjustments have no overall impact on the in-year financial position of the Group or the Chief Constable.</p>	
<p>£26,024,000 self-contained to Note 23</p>	<p>Note 23 Cashflow statement - financing activities</p> <p>'Cash receipts of short term and long term borrowing' amended from £11,024,000 to £(15,000,00) and 'Repayment of short term and long term borrowing' amended from £(9,255,000) to £16,769,000.</p>	<p>To correct amounts disclosed in the note.</p>
<p>£921,000 self-contained to Note 12.</p>	<p>Note 12 Property, Plant and Equipment</p> <p>'Land and Buildings: Cost or Valuation – Revaluation increases/decreases recognised in the revaluation reserve' amended from £2,129,000 to £1,208,000 and 'Land and Buildings: Accumulated Depreciation and Impairment –</p>	<p>To correctly disclose that accumulated depreciation has been removed for revalued assets.</p>

Value of correction	Nature of correction	Reason for correction
	Depreciation written out to the revaluation reserve' amended from £0 to £921,000.	
£2,229,000 self-contained to Note 12	Note 12 Property, Plant and Equipment 'Plant and Equipment: Cost or Valuation – Derecognition – other' amended from £(29,458,000) to £(31,687,000) and 'Plant and Equipment: Derecognition – other' amended from £29,458,000 to £31,687,000.	To ensure that Note 12 agrees to the fixed asset register.
£810,000	Balance sheet £810,000 was reclassified from 'Long Term Finance lease' long term to 'Short Term Finance lease'.	To correctly classify PFI payments due within 12 months on the balance sheet.
£1,282,000 self-contained to Note 17	Note 17 Short Term Creditors 'Other payables' amended from £9,985,000 to £8,703,000 and 'Deferred income' amended from £0 to £1,282,000.	To correctly disclose funding received but not yet utilised.

There have also been a number of minor amendments and disclosure updates as a result of our work.



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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.