

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

Audit year: 2021-22

Date issued: September 2022

Document reference: 3171A2022

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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 statement 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 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 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	£2.587 million	£2.587 million	£0.980 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 £20,000
- 6 We have now substantially completed this year's audit.
- 7 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.

Impact of COVID-19 on this year's audit

- 8 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

<p>Timetable</p>	<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. • Due to the long-term impact of COVID on audit resources the audit window was extended, and we expect your audit report to be signed on 17 October 2022.
<p>Electronic signatures</p>	<p>For approval and signing of the financial statements, we will accept electronic signatures and electronic transfer of files.</p>
<p>Audit evidence</p>	<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:</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

- 9 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with Letters of Representation based on those set out in **Appendices 1 and 2**.
- 10 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise, we issue an unqualified opinion.
- 11 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.
- 12 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

- 13 Exhibit 2 sets out the misstatements we have identified in the financial statements, which have been discussed with management but remain uncorrected. We request that these are corrected. If you decide not to correct this misstatement, we ask that you provide us with the reasons in writing.

Exhibit 3 – Uncorrected misstatements

Note 12 Property, Plant and Equipment: Valuation of Land and Buildings

Audited bodies across all sectors are required to account for property, plant and equipment (PPE) in accordance with IAS 16 Property, Plant and Equipment.

The CIPFA Code of Practice on Local Authority Accounting allows audited bodies to adopt a valuation programme that values PPE over a 'short' period of time. A 'short period' is interpreted to mean that assets are normally revalued once every five years for each class of assets, provided that the carrying amount does not differ materially from that which would be determined using the current value at the end of the reporting period.

There have been significant movements in build costs and rental values during 2021-22 which have impacted on the values of assets held. This has led to audited bodies considering whether the carrying value of assets not revalued during 2021-22 remain materially correct.

The appointed external valuer for the Police and Crime Commissioner issued a 'Market Review' report for the 2021-22 period which indicated that changes in market conditions could impact on the carrying value of the Land and Buildings within the accounts:

- The valuation of rifle ranges, which are valued at depreciated replacement cost, has potentially increased by 40% due to the significant movements in build costs during 2021-22. This gives an increase in the valuation of £358,215.
- The valuation of police buildings, which are valued at existing use valuation, has potentially increased by 4% due to increase in market rents. This gives an increase in valuation of £1,323,913

The variances have been discussed with management, but the accounts remain uncorrected, resulting in the following misstatement:

- An understatement of £1,682,128 in gross land and building cost in Note 12.
- An understatement of £833,342 in gains posted to the revaluation reserve in Note 20.
- An overstatement of £490,580 net operating costs for the financial year.

There is no impact on the general fund balance.

Note 12 Property, Plant and Equipment: Nil Net Book Value Assets

Our review of the fixed asset register identified a significant number of assets which were fully depreciated but still included in the financial statements.

The inclusion of these assets within the accounts does not impact on the overall value of assets included in the balance sheet, however it is important that note 12 is a true reflection of operational assets.

Investigation by the finance team identified assets with gross book value and gross accumulated depreciation of up to £2,180,000 that may no longer be operational. Further work is to be undertaken in the current financial year to confirm the specific assets that require decommissioning within the balance identified. Any subsequent adjustments will be made in the 2022-23 accounts.

This has resulted in the following misstatement:

- Land and building gross cost overstated by up to £2,180,000 within Note 12.
- Land and buildings gross accumulated depreciation overstated by up to £2,180,000 within Note 12.
- There is no impact on the balance sheet.

Corrected misstatements

- 14 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

- 15 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.

Recommendations

- 16 We intend to hold a post projection learning exercise with key staff to identify an action plan to further improve the accounts production and audit process for future years.

Appendix 1

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

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 of the Police and Crime Commissioner for North Wales 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 North Wales 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, with the exception of those misstatements, which are detailed in Exhibit 3 of your Report on the Financial Statements 2021-22 and are summarised:

- Note 12 Property, Plant and Equipment: valuation of land and buildings:
 - An understatement of £1,682,128 in gross land and building cost in Note 12.
 - An understatement of £833,342 in gains posted to the revaluation reserve in Note 20.
 - An overstatement of £490,580 net operating costs for the financial year.

- Note 12 Property, Plant and Equipment: Nil Net Book Value Assets:
 - An overstatement of £2,180,000 in land and building gross cost within Note 12.
 - An overstatement of £2,180,000 in land and buildings gross accumulated depreciation within Note 12.

We have chosen not to amend these misstatements for the reasons noted below:

- Note 12 Property, Plant and Equipment: valuation of land and buildings
Land and Building assets are formally valued on a 5 year cycle. In previous years potential variations in the carrying value due to the timing of valuations have been insignificant. In 2021-22, due to the volatility of certain Land and Building valuations, the above estimates have been calculated for those Land and Buildings not included in the 2021-22 valuation. This estimated figure is not material within the accounts, and it is not considered to impact the understanding of the overall financial position. A full valuation will be considered for 2022-23, but this will result in additional costs against the revenue budget. The net % increases above show only an indication of the general direction of travel of assets values – in fact, the assets that were actually valued in 2021-22 did not increase in their valuations significantly from their previous valuation. Implementing an indexation valuation method at this point in the accounting process, as opposed to the normal formal valuation, would cause technical issues as well as not following the stated accounting policies, which state:
 - ‘Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure their carrying amount is not materially different from their fair value at the year-end, as a minimum every five years’; and
 - it is considered that the figures in the accounts still meet this requirement as the sum is not material.

- Note 12 Property, Plant and Equipment: Nil Net Book Value Assets:
A total of £16.4 million Plant and Equipment assets that have fully depreciated as at 31 March 2022 were reviewed with the relevant departments. The review identified that assets with a value of £2.18 million may not be operational or had been replaced. A further review of these assets will be undertaken in 2022-23 to identify the actual amount to be decommissioned. The amount will be written off in 2022-23. This only affects the note and is not considered to affect the overall understanding of the overall financial position

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 10 October 2022.

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

Signed by:

Police and Crime Commissioner for
North Wales

Date:

Date:

Appendix 2

Final Letter of Representation – Chief Constable of North Wales 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 of the Chief Constable of North Wales 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 North Wales 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.

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 10 October 2022.

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

Signed by:

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

Signed by:

Chief Constable of North Wales Police

Date:

Date:

Appendix 3

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

The independent auditor's report of the Auditor General for Wales

Opinion on financial statements

I have audited the financial statements of:

- Police and Crime Commissioner for North Wales;
- Police and Crime Commissioner for North Wales Group which comprises the Police and Crime Commissioner for North Wales and the Chief Constable of North Wales Police; and
- North Wales Police Pension Fund.

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

The Police and Crime Commissioner for North Wales financial statements comprise the Expenditure and Funding Analysis, 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 North Wales Group financial statements comprise the Group Expenditure and Funding Analysis, 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 a summary of significant accounting policies.

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

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 North Wales, the Police and Crime Commissioner for North Wales Group, and the North Wales 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 Police and Crime Commissioner for North Wales 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 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 12 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; and
- the information given in the joint Annual Governance Statement of the Police and Crime Commissioner for North Wales and the Chief Constable for North Wales 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 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 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 North Wales' Group financial statements and the North Wales 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 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.

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 North Wales and those charged with governance, including obtaining and reviewing supporting documentation relating to the Police and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales Group, and the North Wales 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 Police and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales Group, and the North Wales Police Pension Fund's framework of authority as well as other legal and regulatory frameworks that the Police and Crime Commissioner for North Wales and the Police and Crime Commissioner for North Wales Group operate 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 North Wales, the Police and Crime Commissioner for North Wales Group, and the North Wales 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 North Wales, the Police and Crime Commissioner for North Wales Group, and the North Wales 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 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.

Adrian Crompton
Auditor General for Wales

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 4

Proposed Audit Report of the Auditor General to the Chief Constable of North Wales Police

The independent auditor's report of the Auditor General for Wales

Opinion on financial statements

I have audited the financial statements of:

- Chief Constable of North Wales; and
- North Wales Police Pension Fund

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

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

The North Wales Police Pension Fund 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 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 North Wales and the North Wales 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 North Wales 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 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 12 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; and
- the information given in the joint Annual Governance Statement of the Police and Crime Commissioner for North Wales and the Chief Constable for North Wales 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 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 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 North Wales 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 North Wales 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.

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 North Wales and those charged with governance, including obtaining and reviewing supporting documentation relating to the Chief Constable of North Wales and the North Wales 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 North Wales and the North Wales Police Pension Fund's framework of authority as well as other legal and regulatory frameworks that the Chief Constable of North Wales 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 North Wales and the North Wales 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; and
- 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 North Wales and the North Wales 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 Councils 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 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.

Adrian Crompton
Auditor General for Wales

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Appendix 5

Summary of corrections to the draft financial statements of the Police and Crime Commissioner for North Wales (Group) and the Chief Constable for North Wales 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 4: summary of corrections made

Value of correction	Nature of correction in the Commissioner/Group accounts	Nature of correction in the Chief Constable's accounts	Reason for correction
<p>Note 17 'Creditors and Deferred income' was amended:</p> <ul style="list-style-type: none"> Deferred income from £1,282,000 to £0 	<p>The adjustment was to correct the treatment of the PSCO grant that was received from the Home Office a number of years ago which is no longer considered repayable.</p>	<p>Not applicable as no impact on the Chief Constable's accounts.</p>	<p>To ensure the accounts fully comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.</p>
<p>Note 8 'Earmarked reserves' was amended:</p> <ul style="list-style-type: none"> Neighbourhood policing reserve from £0 to £1,282,000 	<p>The grant has not been fully utilised so has been set aside within a reserve for future use.</p> <p>The correction has impacted on the Group Expenditure and Funding Account, Group Comprehensive Income and Expenditure Statement, Group Movement in Reserves, Group</p>		

<p>Comprehensive Income and Expenditure Statement:</p> <ul style="list-style-type: none"> • Police Officers expenditure increased by £7,956,000. • Pension costs expenditure reduced by £7,956,000. <p>An adjustment has also been made to the prior year disclosure:</p> <ul style="list-style-type: none"> • Police Officers expenditure increased by £7,782,000. • Pension costs expenditure reduced by £7,782,000. <p>There is no impact on the reported Net Cost of Services.</p>	<p>Balance, Group Cash Flow Statement and supporting notes.</p> <p>The correction has increased the overall Net Assets and Total Reserves.</p> <p>The amendment was to correct the miss-posting of IAS19 transactions against Pensions on the face of the Comprehensive Income and Expenditure Statement when they should have been posted to Police Officers.</p>	<p>The amendment was to correct the miss -posting of IAS19 transactions against Pensions on the face of the Comprehensive Income and Expenditure Statement when they should have been posted to Police Officers.</p>	<p>To ensure the accounts fully comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.</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.