KPMG

Annual Audit Letter 2015/16

Police and Crime Commissioner for Lincolnshire

Chief Constable for Lincolnshire

September 2016

Contents

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This report is addressed to the Police and Crime Commissioner/Chief Constable and has been prepared for the sole use of the Police and Crime Commissioner/Chief Constable. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Cardoza, the engagement lead to the Police and Crime Commissioner/Chief Constable, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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Headlines

This 2015/16 Annual Audit Letter summarises the outcome from our audit work at both the Police and Crime Commissioner ("PCC") and Chief Constable ("CC") for Lincolnshire in relation to their 2016/16 audit year.

Although it is addressed to the PCC and CC, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the PCC and CC's websites.

VFM conclusion	We issued an unqualified conclusion on both the PCC and CC's arrangements to secure value for money (VFM conclusion) for 2015/16 on 12 August 2016. This means we are satisfied that during the year the PCC and CC had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties. To arrive at our conclusion we looked at the PCC and CC's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.
VFM risk areas	We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks. Our work identified the following significant matter: — Financial resilience and delivery of medium term financial plan. We assessed the arrangements put in place by the PCC and CC to maintain its record of meeting efficiency savings to address national funding changes, and, by relying on our accounts audit work where relevant, underpinned by a review of the PCC and CC's budget setting process, financial management processes, and discussions with the senior management team, we were able to conclude that the PCC and CC had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
Audit opinion	We issued an unqualified opinion on the PCC and CC's 2015/16 financial statements on 12 August 2016. This means that we believe the financial statements give a true and fair view of the financial position of the PCC and CC and of their respective expenditure and income for the year.
Financial statements audit	We identified the following issues in the course of the 2015/16 audit: — A single material error with a value of £4 million; and — A number of other significant adjustments to the financial statements, most of which were presentation and disclosure issues, although there were some adjustments above our reporting threshold that affected the classification of balances within the primary statements. Our audit plan identified assurances over the regional collaboration accounts and transactions, capital financing and the split of pension costs between the PCC and CC as significant risks or other areas of audit focus for the year. We noted that all of these areas had been appropriately addressed by the PCC and CC. We have had regular meetings with officers throughout the year which has facilitated delivery of the audit and have already discussed how we can work together to secure further improvement next year.

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Headlines (cont)

All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Annual Governance Statement	We reviewed your 2015/16 Annual Governance Statement and concluded that it was consistent with our understanding.
Whole of Government Accounts	The PCC prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the PCC falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.
Certificate	We issued our certificate on 12 August 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.
Audit fee	Our fees for 2015/16 were £29,291 and £15,000, excluding VAT, for the PCC and CC respectively. These were in accordance with our original proposed fees. Further detail is contained in Appendix 2.

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Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.

External Audit Plan (February 2016)

The External Audit Plan set out our approach to the audit of the PCC and CC's financial statements and to work to support the VFM conclusion.

Audit Fee Letter (April 2016)

The Audit Fee Letter set out the proposed audit work and draft fee for the 2016/17 financial year.

Auditor's Report (July 2016)

The Auditor's Report included our audit opinion on the financial statements along with our VFM conclusions and our certificates.

2016

January

February

March

April

May

June

July

August

September

October

November

Report to Those Charged with Governance (July 2016)

The Report to Those Charged with Governance summarised the results of our audit work for 2015/16 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.

Annual Audit Letter (September 2016)

This Annual Audit Letter provides a summary of the results of our audit for 2015/16.

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Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the PCC and CC we have summarised below the outturn against the 2015/16 planned audit fee.

External audit

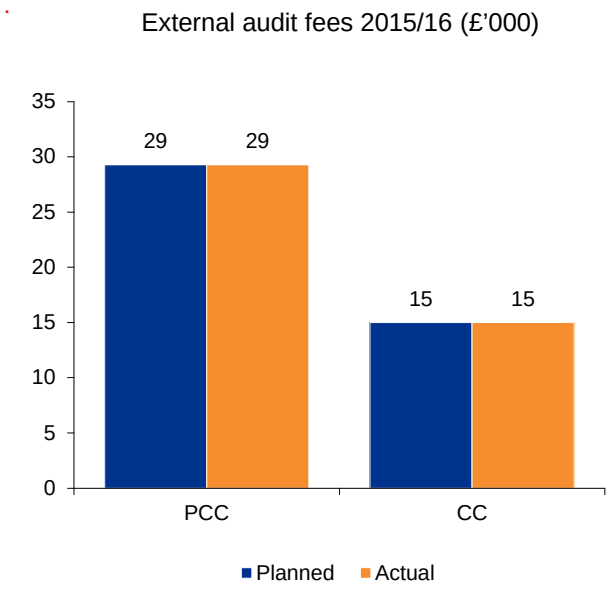
Our final fees for the 2015/16 audits were:

- Police and Crime Commissioner £29,291; and
- Chief Constable £15,000.

Both of these are in line with the planned fees.

Other services

We did not charge any additional fees for other services.



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