



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – **Police and Crime Commissioner for Dyfed Powys and Chief Constable of Dyfed Powys Police**

Audit year: 2017-18

Date issued: July 2018

Document reference: 687A2018-19



This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

The team who delivered the work comprised John Herniman, Richard Harries, Jason Blewitt, Leanne Malough, Eleanor Bowdler, Michelle Davies and Harry Bird.

Contents

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

Summary report

Introduction	4
Status of the audit	5
Proposed audit report	5
Significant issues arising from the audit	5
Independence and objectivity	7

Appendices

Appendix 1 – Final Letter of Representation – Chief Constable of Dyfed Powys Police	8
Appendix 2 – Final Letter of Representation – Police and Crime Commissioner for Dyfed Powys	11
Appendix 3 –audit report of the Auditor General to the Chief Constable of Dyfed Powys Police	14
Appendix 4 –audit report of the Auditor General to the Police and Crime Commissioner for Dyfed Powys	18
Appendix 5 – summary of corrections made to the draft financial statements which should be drawn to the attention of the Police and Crime Commissioner for Dyfed Powys and the Chief Constable of Dyfed Powys Police	22

Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements of the Police and Crime Commissioner for Dyfed Powys (the Commissioner) and of the Chief Constable of Dyfed Powys Police (the Chief Constable) give a true and fair view of their financial position at 31 March 2018 and of their income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative levels at which we judge such misstatements to be material are:

Exhibit 1: quantitative levels for material misstatements

	Police and Crime Commissioner	Chief Constable	Police Pension Fund
Income and Expenditure items and other balances	£1.656 million	£1.656 million	£0.697 million

Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and reader sensitivity.

- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. For Police bodies, those charged with governance are the Police and Crime Commissioner and Chief Constable.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of the Commissioner and the Chief Constable, for 2017-18, that require reporting under ISA 260. We have not included any specific recommendations in this report and we will issue a separate report to summarise the less significant issues identified during the audit along with any relevant recommendations

Status of the audit

- 6 In 2016-17 we agreed with both the Commissioner and Chief Constable to pilot earlier deadlines for both the accounts preparation and audit delivery in 2016-17 and 2017-18 followed on from this by being the formal pilot year for early closure. The statutory deadlines remain as 30 June for accounts preparation and 30 September for audit certification, however for 2018/19 onwards these dates will be brought forward to 31 May and 31 July respectively.
- 7 As agreed, we received the draft financial statements for both the Commissioner and the Chief Constable for the year ended 31 March 2018 on 31 May 2018. We have now substantially completed the audit work and are planning on signing off the 2017-18 financial statements for both the Commissioner and Chief Constable by end of July 2018, two months ahead of the statutory deadline.
- 8 This is a significant achievement by the finance team and we would like to thank them for helping us achieve these tight deadlines. Undertaking the production and audit of the accounts to these earlier deadlines has identified a number of learning points for both the finance team and ourselves; in particular, the quality assurance of the accounts and working papers prior to audit and the availability of finance staff during the audit window. We will consider these in more detail at a future post project learning session to ensure they are captured and built into processes for future years.
- 9 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Chief Finance Officer of the Police and Crime Commissioner's office and the Director of Finance for the Chief Constable.

Proposed audit report

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

Significant issues arising from the audit

Uncorrected misstatements

- 12 Where we identify misstatements that are not trivial but have no impact on our opinion, we raise them with management who have the option to amend for them. Where they decide not to amend, their decision needs to be ratified by those charged with governance to ensure they agree. We set out below the

misstatements we identified in the financial statements, which have been discussed with management who have decided not to amend due to them not being material and therefore not having a significant impact on the accounts or our opinion. It should be noted that with the impending move to early closure next year, there will be greater time pressures on both the force staff and auditors and there will be a greater need to concentrate on adjusting the more significant issues.

The Revaluation Reserve is misstated by £287k

- The Revaluation Reserve should equal the Net Current Value of Property Plant and Equipment (PPE) less the Net Historical Cost of PPE. There is a difference of £287,000 that officers cannot explain and, as such, the Revaluation Reserve is understated by £287,000, although we are satisfied that this does not have a material impact on the accounts for 2017-18. Officers have agreed to review this in 2018-19.

Corrected misstatements

- 13 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 5](#).

Other significant issues arising from the audit

- 14 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:
- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.**
We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
 - **We did not encounter any significant difficulties during the audit.**
We received information in a timely and helpful manner and were not restricted in our work. However, there were a large number of errors identified which could have been avoided with a more robust quality assurance of the accounts and working papers. In addition, we also experienced an issue with the availability of finance staff during the final audit, given many had leave in the period. We understand that additional capacity is currently being added to the finance department which should hopefully help address these issues in future years.

- **There were no significant matters discussed and corresponded upon with management, which we need to report to you.**

We have addressed the risks identified in the audit plan and there are no issues that need to be brought to your attention.

- **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
- **We did not identify any material weaknesses in your internal controls**
- **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

- 15 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 16 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and either the Police and Crime Commissioner for Dyfed Powys or the Chief Constable of Dyfed Powys Police that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation – Chief Constable of Dyfed Powys Police

[Audited body's letterhead]

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

[Date]

Representations regarding the 2017-18 financial statements

This letter is provided in connection with your audit of the financial statements of the Chief Constable of Dyfed Powys for the year ended 31st March 2018 for the purpose of expressing an opinion on their truth and fairness.

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 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 of Dyfed Powys 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.
- 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 for the Chief Constable of Dyfed Powys Police.

Representations by the Chief Constable of Dyfed Powys 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 24 July 2018.

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

Signed by:

Director of Finance – Chief Constable

Date:

Signed by:

Chief Constable of Dyfed Powys Police

Date:

Appendix 2

Final Letter of Representation – Police and Crime Commissioner for Dyfed Powys

[Audited body's letterhead]

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

[Date]

Representations regarding the 2017-18 financial statements

This letter is provided in connection with your audit of the financial statements of the Police and Crime Commissioner for Dyfed Powys for the year ended 31 March 2018 for the purpose of expressing an opinion on their truth and fairness.

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 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 Dyfed Powys and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

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

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

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

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

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

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

- The Revaluation Reserve should equal the Net Current Value of Property Plant and Equipment (PPE) less the Net Historical Cost of PPE. There is a difference of

£287,000 that officers cannot explain and as such the Revaluation Reserve is understated by £287,000.

Management have considered the implications of this difference and are satisfied that this issue can be addressed by a comprehensive review of calculations during 2018/19.

Representations by the Police and Crime Commissioner for Dyfed Powys

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 24 July 2018.

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

Signed by:

Chief Financial Officer to the PCC

Date:

Signed by:

Police and Crime Commissioner for
Dyfed Powys

Date:

Appendix 3

Audit report of the Auditor General to the Chief Constable of Dyfed Powys Police

The independent auditor's report of the Auditor General for Wales to the Chief Constable of Dyfed Powys Police

Report on the audit of the financial statements

Opinion

I have audited the financial statements of:

- Chief Constable of Dyfed Powys Police; and
- Dyfed Powys Police Pension Fund;

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

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

Dyfed Powys Police Pension Fund's financial statements comprise the Fund Account and the Net Assets Statement and related notes.

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 2017-18 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 of Dyfed Powys Police and the Dyfed Powys Police Pension Fund as at 31 March 2018 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 2017-18.

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 Dyfed Powys and the Dyfed Powys Police Pension Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable of Dyfed Powys Police'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 Narrative Report and accounts. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the 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 of Dyfed Powys Police and Dyfed Powys Police Pension Fund and their environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Chief Constable of Dyfed Powys Police 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 set out on page 18, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Dyfed Powys Police Pension Fund's financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Chief Constable of Dyfed Powys Police's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Anthony J Barrett

For and on behalf of the Auditor General for Wales

[Date]

24 Cathedral Road

Cardiff

CF11 9LJ

Appendix 4

Audit report of the Auditor General Police and Crime Commissioner for Dyfed Powys

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

Report on the audit of the financial statements

Opinion

I have audited the financial statements of:

- Police and Crime Commissioner for Dyfed Powys;
- Dyfed Powys Police Pension Fund; and
- Police and Crime Commissioner for Dyfed Powys Police Group;

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

The Police and Crime Commissioner for Dyfed Powys' 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.

Dyfed Powys Police Pension Fund's financial statements comprise the Fund Account and the Net Assets Statement and related notes.

The Police and Crime Commissioner for Dyfed Powys Police Group's 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 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 2017-18 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 Dyfed Powys; the Dyfed Powys Police Pension Fund; and the Police and Crime Commissioner for Dyfed Powys Police Group as at 31 March 2018 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 2017-18.

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, the Pension Fund and the 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

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 Dyfed Powys or the Police and Crime Commissioner for Dyfed Powys Police Group'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 Narrative Report and accounts. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the 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 Dyfed Powys, the Dyfed Powys Police Pension Fund and the Police and Crime Commissioner for Dyfed Powys Police Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Police and Crime Commissioner for Dyfed Powys and the Police and Crime Commissioner for Dyfed Powys Police Group 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 as set out on page 21, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Police and Crime Commissioner for Dyfed Powys Police Group financial statements and Dyfed Powys Police Pension Fund's financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Police and Crime Commissioner for Dyfed Powys and the Police and Crime Commissioner for Dyfed Powys Police Group's ability to continue as a going

concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Anthony J Barrett

For and on behalf of the Auditor General for Wales

[Date]

24 Cathedral Road

Cardiff

CF11 9LJ

Appendix 5

Summary of corrections made to the draft financial statements which should be drawn to the attention of the Police and Crime Commissioner for Dyfed Powys and the Chief Constable of Dyfed Powys Police

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 2: summary of corrections made to the draft financial statements

Value of correction	Nature of correction	Reason for correction
Various	Note 35 Remuneration was updated to include the Benefits in Kind figures and to disclose the costs of the All Wales Deputy Chief Constable and the Force contribution to the costs.	To ensure the accuracy of the remuneration disclosures.
£1,424,000 from Surplus Assets to Assets Held for Sale (Nil net effect on the Balance Sheet)	The draft financial statements (Note 16) included £1,424,000 of assets which were categorised as Surplus Assets but which were Assets Held for Sale at the year-end.	To ensure compliance with the Code and underlying records.
£402,000 from Buildings to Surplus Assets (Nil net effect on the Balance Sheet)	The draft financial statements (Note 16) included £402,000 of assets within Buildings which were Surplus Assets at year-end.	To ensure compliance with the Code and underlying records.
£299,000 from Police Revenue Grant to Welsh Floor Grant (Nil net effect on the CIES)	Note 37 has been amended to correctly show the split of grant income between Police Revenue Grant and Welsh Floor Grant.	To ensure accuracy of the disclosures.

Value of correction	Nature of correction	Reason for correction
£696,000 decrease in Financing activities within the Cash flow statement (nil net effect on Cash flow statement)	The Cash flow Statement Financing activities Note 32 has been amended to ensure the movement was correctly shown in the Cash flow statement. The Cash flow statement has also been amended to reflect this correction.	To ensure accuracy of the disclosures and compliance with the Code.
£781,000 movement within the budget headings in the CIES (NIL net effect on the CIES)	£299,000 was incorrectly coded to the wrong budget code within the CIES. A movement has been made from the Criminal Justice Budget to Centrally Managed Corporate Budgets for this. £482,000 was also incorrectly coded to the wrong budget code within the CIES. A movement has been made between Estates and the Commission and Office Costs for this.	To ensure accuracy and disclosure of the CIES.
Various	A note (Note 39) was included to disclose capital expenditure in the year and the financing of it.	To ensure compliance with the Code.
Various	There were a large number of other narrative, presentational and minor amendments made to both sets of accounts.	To ensure full compliance with the Code and ensure presentational accuracy in line with International Financial Reporting Standards.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone.: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru