

Chris Bland
Chief Finance Officer to the Chief Constable for Suffolk
Chief Finance Officer to the Police & Crime Commissioner for Suffolk

23 July 2018

Ref: Suffolk Police 17-18 audit/EY
Your ref:

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Dear Chris,

Suffolk Police - (Group, PCC and CC financial statements) 2017-2018 External Audit update

Further to our conversations last week, I am writing to confirm with you that my judgement is to postpone the completion of the external audit until August and September 2018.

I discussed with you the status of the audit. I have balanced the scale, complexity and risk of the audit procedures that still need to be completed with the amount of time and audit resources available to do this. In order to safeguard the quality and integrity of the external audit, I have reluctantly concluded that the completion of the audit before the end of July 2018 is not viable, and that a postponement is necessary.

I do recognise and appreciate the time, effort and investment that you have and continue to make to support the external audit through your finance team, and that this decision will be disappointing to both you, the Police & Crime Commissioner, the Chief Constable and their respective Joint Audit Committee.

There have been two key issues leading me to make the above judgement:

- Property, Plant & Equipment Valuations - We have assessed the estimate of land and buildings provided by management's expert. Our initial work indicates the estimate is outside of our acceptable range. This has triggered the need for greater review, which will include understanding management's expert's estimation basis, challenge of the assumptions and consideration of other local factors. This may then lead to specific work procedures on a sample of assets to gain sufficient assurance for opinion purposes.
- We have experienced delays in completing our audit work program to the envisaged timetable. An element of this is in relation to the Property, Plant & Equipment issue above. There have been some other delays in the provision of adequate supporting working papers or follow up to initial audit questions for other items of account within the financial statements. In addition, there have been delays within our own audit team - in terms of delivery to timetable and documenting our work to the required standards.

I recognise that we need to reconnect with you and your finance team to work through the issues and to that end we have set out and agree detailed project and resource plan to complete the external audit testing by the middle of August. I and my External Audit Manager, Chris Hewitt, will be available to update the Joint Audit Committee at its meeting on Monday 30 July 2018.

In my professional opinion, I would not deem it appropriate for the Joint Audit Committee to consider, nor the Police & Crime Commissioner and Chief Constable to approve, their respective financial statements at the Audit Committee on the 30 July. Whilst the published draft financial statements may not change, I cannot give any assurances at this point in time, for the reasons set out above.

I would suggest that we convene either a special Joint Audit Committee, or a meeting(s) with the Police & Crime Commissioner and Chief Constable, once I am in a position to fully report the findings and outcomes from our audit.

In order to comply with the requirements of the Accounts and Audit Regulations 2015, I highlight in red below the relevant section of the regulations that need to be adhered to.

Extract from the Accounts and Audit Regulations 2015

Publication of statement of accounts, annual governance statement and narrative statement for Category 1 authorities

10.–(1) A Category 1 authority must, after approving the statement of accounts in accordance with regulation 9(2) but not later than 31st July of the financial year immediately following the end of the financial year to which the statement relates, publish (which must include publication on the authority's website)–

(a) the statement of accounts together with any certificate or opinion, entered by the local auditor in accordance with section 20(2) of the Act;

(b) the annual governance statement approved in accordance with regulation 6(2); and (c) the narrative statement prepared in accordance with regulation 8.

(2) Where an audit of accounts has not been concluded before the date specified in paragraph (1) an authority must–

(a) publish (which must include publication on the authority's website) as soon as reasonably practicable on or after that date a notice stating that it has not been able to publish the statement of accounts and its reasons for this; and

(b) comply with paragraph (1) as if for “but not later than 31st July of the financial year immediately following the end of the financial year to which the statement relates” there were substituted “as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit which is issued before the conclusion of the audit”.

I understand that you will wish to brief the Police & Crime Commissioner, the Chief Constable and the Chair of the Joint Audit Committee on this position, and I am happy to have discussions as necessary. I hope that this letter assists you in doing so.

Yours sincerely

MARK HODGSON

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For and on behalf of Ernst & Young LLP
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