

The Police and Crime Commissioner for Suffolk and the Chief Constable for Suffolk

Audit results report for the year ended 31 March 2014

September 2014

Ernst & Young LLP



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working world

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15 September 2014

Douglas Paxton
The Chief Constable for Suffolk Constabulary
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Dear Tim and Douglas,

Audit results report

We are pleased to attach our audit results report for the joint independent Audit Committee scheduled for 23 September 2014. This report summarises our audit conclusions to date in relation to the financial position for the Police and Crime Commissioner for Suffolk (PCC) and the Chief Constable (CC) for Suffolk Constabulary for 2013/14. We will issue our audit opinion and conclusion on Value for Money arrangements on or before 30 September 2014.

Our audit is designed to express an opinion on the 2013/14 financial statements for both the PCC and the CC, reach a conclusion on the PCC's and the CC's arrangements for securing economy, efficiency and effectiveness in the use of resources, and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the PCC's and the CC's accounting policies and judgements and material internal control findings.

This report is intended solely for the information and use of the Audit Committee and the PCC and the CC. It is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the joint independent Audit Committee on 23 September 2014.

Yours Sincerely
For and on behalf of Ernst & Young LLP

Neil A Harris
Audit Director
For and Behalf of Ernst & Young LLP
United Kingdom
Enc

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the accountable officer of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission.

The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Overview of the financial statement audit

The Police and Crime Commissioner for Suffolk (the PCC) is responsible for preparing and publishing Group financial statements. The Group comprises the accounts of both the single entity PCC and the single entity Chief Constable for Suffolk Constabulary (the CC). The Chief Constable is responsible for preparing publishing the CC single entity financial statements.

Both the PCC and the CC are responsible for preparing and publishing an Annual Governance Statement. In the Annual Governance Statement, the PCC and the CC report publicly on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.

The PCC and the CC are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

As auditors we are responsible for:

- ▶ Forming an opinion on each set of financial statements, one for the PCC and one for the CC;
- ▶ Reporting on any exception on the governance statement or other information included in the explanatory foreword;
- ▶ Forming a conclusion on the arrangements that both the PCC and the CC have in place to secure economy, efficiency and effectiveness in their use of resources; and
- ▶ Undertaking any other work specified by the Audit Commission.

We also report to the National Audit Office (NAO) under its group instructions.

Summarised below are the conclusions from all elements of our work:

Financial statements

Following the performance of the procedures outlined in our Audit Plan, we anticipate issuing an unqualified opinion on the financial statements of the PCC and those of the CC. Our main findings in relation to the areas of risk included in our joint Audit Plan for the PCC and the CC are set out below.

Significant risk 1: Presentation of the financial statements for the PCC and CC, including group accounting

Significant risk 1: Audit findings and conclusions

- ▶ The presentation of the 2012/13 financial statements was based on the single overarching principal and agent relationship between the PCC and CC. In March 2014, CIPFA and the Audit Commission issued guidance that the existence of distinct responsibilities under statute relating individually to the PCC and CC, particularly CC for operational policing meant that a single overarching principal and agent relationship between the PCC and CC cannot exist. As a result the PCC for Suffolk and the CC for Suffolk Constabulary re-stated their accounts based on a prior period adjustment because of a change in accounting policy, reflecting the evolution of guidance and embedding of governance, strategic, financial and operational relationship between the PCC and CC. We have therefore re-designated the presentation of the financial statements for the PCC and CC, including group accounting, as a significant risk.
- ▶ Management has amended their financial statements in line with revised guidance. The PCC and CC have adequately re-stated their financial statements for 2013-2014 and 2012-2013 (prior period) to recognise the CC acting as Principal for operational policing. CC accounts now include income, expenditure and liabilities associated with operational policing activities, the most significant of which is Police officer costs and pensions liabilities.

Significant risk 2: Risk of misstatement due to fraud and error

Significant risk 2: Audit findings and conclusions

- ▶ As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud or error could occur and design the appropriate procedures to consider such risk.
- ▶ We have completed testing as set out in our Audit Plan. We did not identify any material instances of fraud or error.

Significant risk 3: Risk of management override

Significant risk 3: Audit findings and conclusions

- ▶ The PCC and CC continue to face significant financial pressures due to reduced external funding. Management faces pressures to meet budget and savings targets. This presents a risk that the financial statements may be materially misstated.
- ▶ We have completed testing as per set out in our Audit Plan. We did not identify any material instances of management override.

Control themes and observations

Our audit identified the following control issues that we are bringing to your attention.

- | | |
|---|---|
| <ul style="list-style-type: none"> ▶ We have not identified any material weakness in the design or operation of an internal control that might result in a material error in your financial statements. ▶ Our 2012/13 report noted that the PCC and CC did not advertise the audit in accordance with the Accounts and Audit Regulations 2011. Both the PCC and CC have met the requirements of the Regulations for 2013/14. ▶ Previous audit reports have reported weaknesses within the register to support Property, Plant and Equipment. Management continue to provide reports to support disclosures to the financial statements. Management are seeking to address the issue through the Enterprise Resource Planning System from 1 April 2015. | <ul style="list-style-type: none"> ▶ A significant challenge during 2014/15 is the introduction across both Norfolk and Suffolk Constabularies of the Enterprise Resource Planning (ERP) system to support Human Resources ,duty rotas, Finance, Procurement and Payroll. The ERP will assist joint working and improve the efficiency of support departments to enable savings to be realised. The system is due to start in April 2015. ▶ The Constabulary is managing the risks associated with the project implementation, including that of the transfer of legacy data. |
|---|---|

Scope update

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|--|--|
| <ul style="list-style-type: none"> ▶ Financial Resilience ▶ Since we issued our Audit Plan in March 2014, we have re-classified financial resilience from a business risk to a significant risk for the Value for Money Conclusion. | <p>Addressing the risk of financial resilience and whether or not a qualification of the VFM Conclusion would be appropriate has resulted in extra audit work.</p> <p>We are proposing to submit a scale fee variation increase of £5,292 (split £1,512 to the PCC and £3,780 to the CC) to the Audit Commission, upon conclusion of the audit, once agreed by management.</p> |
| <ul style="list-style-type: none"> ▶ Presentation of Financial Statements ▶ Since we issued our Audit Plan in March 2014, we have re-classified the presentation of the financial statements as a significant audit risk. | <p>Management has amended the financial statements following revised guidance to recognise the CC acting as Principal for operational policing.</p> <p>We have undertaken extra audit work as a result of these amendments. We may need to raise a scale fee variation increase for this work and we will assess the position at the end of the audit. Any variation to scale fees would be limited to the audit review of significant errors. None are apparent at the date of this report.</p> |

Summary of audit differences

Our audit identified a number of misstatements in the accounts presented for audit, as summarised below.

-
- ▶ Uncorrected misstatements:
 - ▶ There are no uncorrected misstatements
 - ▶ Corrected misstatements
 - ▶ Management has amended both the PCC Group and CC accounts for errors of disclosure. The adjustments made do not impact on the financial position of the PCC Group financial statements overall.
-

Economy, efficiency and effectiveness

Following the performance of the procedures outlined in our Audit Plan, we anticipate issuing an unqualified value for money conclusion.

We consider financial resilience to be a risk to the Value for Money Conclusion. The July Medium Term Financial Plan shows a total deficit position for the PCC and CC of £16.4 million by 2017/18. Of this sum, the element without identified savings plans is £11.4 million.

If savings aren't achieved, the PCC and CC would, on current projections, need to draw on the General Fund balance of £5 million by 2016/17 to achieve a balanced budget, with all reserves exhausted by 2017/18 and this represents a risk to financial resilience. The PCC and CC have developed governance arrangements to identify the required savings. We will monitor progress on an ongoing basis during 2014/15. We will have regular dialogue with management for both the PCC and CC, and will consider work of Her Majesty's Inspectorate of Constabulary (HMIC) as part of a managed approach to audit and inspection, to minimise duplication of work.

Whole of Government accounts

We are completing the work required to issue our report to the National Audit Office on the accuracy of the consolidation pack the PCC is required to prepare for the Whole of Government Accounts. We anticipate that the PCC for Suffolk Group accounts will be below the threshold which requires the detailed audit of the consolidation pack. We will update the Audit Committee verbally on any progress on this area between the date of issue of this report and the meeting on 23 September 2014. At this stage, we have no issues to report to you.

Audit certificate

The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit Practice have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the audit opinion.

2. Scope update

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan that we issued on 18 March 2014 to 28 March 2014 Audit Committee and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Our work comprises a number of elements. In our Audit Plan, we provided you with an overview of our audit scope and approach for the audit of the financial statements, our conclusion on the PCC for Suffolk's and the CC for Suffolk Constabulary's arrangements for securing economy, efficiency and effectiveness in their use of resources, and the work that we are required to perform in respect of the Whole of Government Accounts return.

We carried out our work in accordance with our Audit Plan. However, since we issued our Audit Plan in March 2014, we have:

- ▶ Re-classified financial resilience from a business risk to a significant risk for the Value for Money Conclusion; and
- ▶ Re-classified the presentation of the financial statements as a significant audit risk.

The total extra fees are £5,292, the split being £1,512 to the PCC and £3,780 to the CC.

Description	Detail of changes to our scope
Financial resilience within the Value for Money Conclusion	<ul style="list-style-type: none"> ▶ We changed our assessment of the risk for financial resilience from a business risk to a significant risk because of the need to: <ul style="list-style-type: none"> ▶ Assess the response by the CC to identify savings over the period 2014/15 to 2017/18; ▶ Consider the size of the deficit of £16.4 million by 2017/18 in the context of financial planning including the use of reserves; and ▶ Understand the increase between the January and the draft July 2014 Medium Term Financial Plans from £10.2 million to £11.4 million for savings plans yet to be developed, within the total of £16.4 million. ▶ Our work involved: <ul style="list-style-type: none"> ▶ An understanding of the background to the savings plans; ▶ A detailed understanding of the Medium Term Financial Plans; ▶ Modelling using sensitivity analysis of the financial position; ▶ Testing of savings recorded as saved in 2014/15; and ▶ Review of savings projected for the period of the Medium Term Financial Plan to 2017/18. ▶ We are proposing to submit a scale fee variation increase of £5,292 (split £1,512 to the PCC and £3,780 to the CC) to the Audit Commission, once agreed by management.
▶ Presentation of Financial Statements	<ul style="list-style-type: none"> ▶ Since we issued our Audit Plan in March 2014, we have re-classified the presentation of the financial statements as a significant audit risk. ▶ Management has amended the financial statements following revised guidance from CIPFA and the Audit Commission to recognise the CC acting as Principal for operational policing. ▶ We have undertaken extra audit work as a result of these amendments. We may need to raise a scale fee variation increase for this work and we will assess the position at the end of the audit. Any variation increase to scale fees would be limited to the audit review of significant errors. None are apparent at the date of this report.

3. Significant findings from the financial statement audit

In this section of our report, we outlined the main findings from our audit of your financial statements, including our conclusions in relation to the areas of risk and areas of audit emphasis outlined in our Audit Plan. Our main findings in relation to the areas of risk/areas of audit emphasis included in our Audit Plan are as follows.

Significant risk 1: Presentation of the financial statements for the PCC and CC, including group accounting

Description and conclusion

- ▶ The presentation of the 2012/13 financial statements was based on the single overarching principal and agent relationship between the PCC and CC. In March 2014, CIPFA and the Audit Commission issued guidance that the existence of distinct responsibilities under statute relating individually to the PCC and CC, particularly CC for operational policing meant that a single overarching principal and agent relationship between the PCC and CC cannot exist. As a result the PCC for Suffolk and the CC for Suffolk Constabulary re-stated their accounts based on a prior period adjustment because of a change in accounting policy, reflecting the evolution of guidance and embedding of governance, strategic, financial and operational relationship between the PCC and CC. We have therefore re-designated the presentation of the financial statements for the PCC and CC, including group accounting, as a significant risk.
- ▶ Management has amended their financial statements in line with revised guidance. The PCC and CC have adequately re-stated their financial statements for 2013-2014 and 2012-2013 (prior period) to recognise the CC acting as Principal for operational policing. CC accounts now include income, expenditure and liabilities associated with operational policing activities, the most significant of which is Police officer costs and pensions liabilities.

Significant risk 2: Risk of misstatement due to fraud and error

Description and conclusion

Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach focussed on:

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiring of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considering of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those identified risks of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks.

We did not identify any material instances of fraud or error.

Significant risk 3 – Risk of Management Override

Description and conclusion

As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement. We:

- ▶ Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ Reviewed accounting estimates for evidence of management bias; and
- ▶ Evaluated the business rationale for any significant unusual transactions.

We did not identify any material instances of management override.

Our audit also identified a number of disclosure and consistency errors in the financial statements presented for audit. Management has adjusted the financial statements of the PCC and the CC for all errors found. Some of these errors were above the tolerable error of £2.8 million for the PCC Group, £2.6 million for the CC single entity, £1.45 million for the PCC single entity and £0.4 million for the Police Pension Fund. Where relevant these are detailed below along with amendments made to disclosure notes. None of these had an impact on the financial position of the PCC and CC.

Policy/practice/finding	EY comments
Note 1: Accounting Policies Note 3: Critical Judgements in Applying Accounting Standards Note 4: Assumptions Made about the Future and Other major Sources of Estimation Uncertainty	Management has updated these notes in both the PCC and CC notes within both financial statements for the PCC Group and CC for Suffolk Constabulary to recognise the CC acting as Principal for operational policing.
Note 2: Prior Period Adjustment (CC Accounts) Note 42: Prior Period Adjustment (PCC Accounts)	Management has updated these notes to show the impact of the prior period adjustments on the financial statements.
Note 7: Amounts Reported for Resource Allocation Decisions.	Management has included a note on segmental analysis in the CC accounts as required by the CIPFA Code of Practice on Local Authority Accounting.
Note 12 Employee's Remuneration (PCC Accounts)	Management has made an extra disclosure for the Deputy Chief Executive of the PCC. This disclosure is required by the Code of Audit Practice as a member of staff reporting directly to the Head of Paid Service
Note 12 Employee's Remuneration (CC Accounts)	Management has provided extra narrative to this note to explain the secondment arrangements of the former Deputy Chief Constable to Cleveland Police and contributions made by the CC for Suffolk Constabulary to senior police officers in other forces
Note 15: External Audit Fees (PCC Accounts)	Management has amended audit costs to reflect audit fees payable in 2013/14 as per the Code of Practice.
Note: 23: Debtors and Prepayments (PCC Accounts)	Management has amended for the inclusion of the sum of £2,828 million for Prepayments for the 2012/13 comparative figures, omitted from the original financial statements.
Note 27: Contingent Liabilities (PCC Accounts) Note omitted from CC Accounts	Management has amended Note 27 (PCC Accounts) to include a contingent liability. This new note covers the possibility of claims against the PCC and CC with regard to the former decision of the former Suffolk Police Authority to retire officers in the interests of efficiency and where these officers had the requisite period of service to attain a defined pension entitlement. Management has also provided a contingent note within the CC Accounts.
Note: 33 – 35: Cash Flow (PCC single entity)	Management has provided an extra disclosure to reconcile the £9.777 million adjustment for non-cash or cash equivalent movements.

Other matters

We have reviewed the Annual Governance Statements of the PCC for Suffolk and the CC for Suffolk Constabulary to determine if:

- ▶ They comply with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- ▶ They are consistent with other information that we are aware of from our audit of the financial statements

The Audit Committee considered the draft PCC and CC Annual Governance statements in June 2014. Since the meeting, Management has made further amendments to the Statements for both the PCC and CC. The amendments include at Section 6 of the Statements enhanced disclosures for significant governance issues highlighted by Internal Audit reports in 2013/14 and relating to the financial position of the PCC for Suffolk and the CC for Suffolk.

At the time of this report, we have yet to receive a response from HSBC Private Bank Ltd as regards our request for an external confirmation of £4 million investments and cash equivalents included within the financial statements.

4. Economy, efficiency and effectiveness

The Code of Audit Practice 2010 sets out our responsibility to satisfy ourselves that the PCC for Suffolk and the CC for Suffolk Constabulary have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources. In examining the PCC's and CC's corporate performance management and financial management arrangements we have regard to the following criteria and areas of focus specified by the Audit Commission:

- ▶ Arrangements for securing financial resilience – whether the PCC for Suffolk and the CC for Suffolk Constabulary have robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- ▶ Arrangements for securing economy, efficiency and effectiveness – whether the PCC for Suffolk and the CC for Suffolk Constabulary are prioritising their resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

The table below presents the findings of our work in response to the risk areas or areas of focus presented to you in our Audit Plan,

We changed our assessment of the risk for financial resilience from a business risk to a significant risk because of the need to:

- ▶ Assess the response by the CC to identify savings over the period 2014/15 to 2017/18;
- ▶ Consider the size of the deficit of £16.4 million by 2017/18 in the context of financial planning including the use of reserves; and
- ▶ Understand the increase between the January and draft July 2014 Medium Term Financial Plans from £10.2 million to £11.4 million for savings plans yet to be developed within the total of £16.4 million.

Significant risks:	Impacts arrangements for securing:	Key findings:
Financial Resilience		
<p>Our September 2013 Audit Results Report noted that the PCC's and CC's Medium Term Financial Plan (MTFS) anticipated, should there be no increase in precept, a funding gap in the region of £11 million by 2017/18.</p> <p>The PCC and CC updated the MTFS in January as part of the precept setting process for 2014/15.</p> <p>If robust savings plans are not developed early in the process, there are increased and significant risks to the financial position and achievement of service delivery targets.</p>	<p>Economy, efficiency and effectiveness</p> <p>Financial resilience</p>	<ul style="list-style-type: none"> ▶ In its July 2014 report, Policing in Austerity, Her Majesty's Inspectorate of Constabulary (HMIC) reported that the CC is on track to achieve the savings requirement of £18.8 million for the comprehensive spending review period for 2010/11 to 2014/15. The report noted that the CC had savings plans in place to address the remaining gap of £2.5 million in 2014/15. ▶ The HMIC report recognised that Suffolk Constabulary's response to the financial challenge of the spending review to date has been good. However, HMIC judged that the CC required improvement as regards taking the necessary steps to ensure a secure financial position for the short and long term. ▶ HMIC reported that for 2015/16 and beyond the financial position is increasingly challenging for the CC, with a gap without savings plans of £2.8 million in 2015/16. The report notes that close collaboration with Norfolk has enabled the CC to make savings to date but that economies of scale may not be available in the future leading to significant reductions in police officers, impacting on service delivery.

Significant risks:	Impacts arrangements for securing:	Key findings:
Financial Resilience (Continued)	Economy, efficiency and effectiveness Financial resilience	<ul style="list-style-type: none"> ▶ We have reviewed the CC's processes for delivering the identified savings plans for 2014/15 and the response of the PCC and CC to identifying the savings required to 2017/18 for which plans have yet to be developed. ▶ Our work found strong governance processes are in place to deliver the collaborative savings across Norfolk and Suffolk identified in 2014/15. Should these savings of £1million be delivered, along with the £0.7 million savings already accounted for through budget setting, this will leave an estimated funding gap of £0.7m for 2014/15, which should be manageable. ▶ We note that management drafted a revised MTFP in July 2014 for the period 2014/15 to 2017/18. This is based at present on no increase in council tax, for which in 2012/13 and 2013/14, the PCC and CC have received an annual council tax freeze grant. ▶ The July MTFP continues to show a total deficit position for the PCC and CC of £16.4 million by 2017/18. Of this sum, the element without attached savings plans is £11.4 million by 2017/18. ▶ The PCC and CC are aware of the need to progress savings plans and in response, the PCC and CC have established governance structures to progress a range of projects to address the £11.4 million gap in savings. These include: <ul style="list-style-type: none"> ▶ Establishing a Suffolk Change Programme Board to oversee saving plans to achieve £9.9 million savings; and ▶ Using the annual Autumn budget meetings to secure £1.5 million non-pay related savings. ▶ The second meeting of the Board met on 1 September 2014. The Board received scoping and appraisal option plans for several schemes with recommendations that these proceed to full business cases for future consideration. The Suffolk Local Policing Review is in progress and is looking to re-design policing services in the county to maintain service levels whilst reducing costs and resources. ▶ The PCC for Suffolk and the CC for Suffolk Constabulary are also seeking options for sharing services across organisations within Suffolk and regionally. ▶ However, the PCC and CC face a significant challenge in reducing the savings gap, given the efficiencies already secured over the past four years. ▶ If savings aren't achieved, the PCC and CC would on current projections need to draw on the General Fund balance of £5 million by 2016/17 to achieve a balanced budget, with all reserves exhausted by 2017/18. ▶ To secure the ongoing sustainability of the PCC's and CC's financial position and the ability to maintain service levels in future years, the PCC and CC will need to: <ul style="list-style-type: none"> ▶ develop robust plans quickly; ▶ manage the process of change so as to not impact adversely on service delivery; ▶ drive through the savings required; ▶ consider carefully the impact of any decisions to continue to freeze council tax; and ▶ continually review the levels of reserves to support the PCC's and CC's finances.

Significant risks:	Impacts arrangements for securing:	Key findings:
		<ul style="list-style-type: none"> ▶ We consider financial resilience in future years to be a risk to the Value for Money Conclusion. We will monitor progress on an ongoing basis during 2014/15. ▶ We will have regular dialogue with management for both the PCC and CC, and will consider work of HMIC as part of a managed approach to audit and inspection, to minimise duplication of work.
Other risks/areas of focus:	Impacts arrangements for securing:	Key findings:
Pressures from the Economic Downturn	Economy, efficiency and effectiveness Financial resilience	<ul style="list-style-type: none"> ▶ We have undertaken work to review the budget setting process for 2014/15, including considerations of the assumptions behind the budget, scenario analysis ▶ The process for setting the PCC's and CC's budget is sound. ▶ The precept setting process details the assumptions used which management checks against known practice with other constabularies. ▶ The PCC and CC use scenario planning effectively to provide guidance to Those Charged with Governance in determining options for budget setting and the level of precept. Reporting covered the impact of decisions for freezing council tax to increasing council tax by nearly 2%. ▶ The Accountability and Performance Panel monitors performance against budget on a quarterly basis. ▶ The monitoring reviews show progressive underspends of £0.3 million, £0.9 million to £1 million. The final total Revenue Budget outturn is an under-spend of £1.045 million (0.94% of the total revenue budget), comprising net under-spends of £0.172 million (the CC), £0.208 million (the PCC) Office of the PCC and £0.665 million Capital Financing. Of the £0.653 million under-spend on revenue capital financing, of which £0.434 million relates to the helicopter transfer to the National Police Air Service. ▶ The capital budget is underspent. A significant proportion of the underspend is because of slippage in national projects beyond the PCC's and CC's control. This has inevitably had an impact on the timing of capital programmes and when capital expenditure is incurred. The approved budget excluding grant funded schemes totals £9.602 million, against which expenditure of £4.780 million has been incurred, providing an overall under-spend of £4.822 million. The most significant schemes contributing to this include Project Athena, Estates Downsizing, Enterprise Resource Planning system and Storm. Additional slippage of £0.510 million relates to specific grant funded schemes, the majority relating to the joint Mobile Computer Working project. The PCC for Suffolk has issued a decision notice approving carried forward slippage of £2.7 million.

Significant risks:	Impacts arrangements for securing:	Key findings:
		<ul style="list-style-type: none"> ▶ The PCC and CC ensure that resources are prioritised through the monitoring of the delivery of the PCC's Police and Crime Plan. The final performance report for 2013/14 outlines performance exceptions for the period 1st April 2013 to 31st March 2014. Of the 14 objectives set out in the Police & Crime Plan, 2013/14 year-end performance was better than the baseline in twelve objectives, including all crime reduction objectives, the main under-performance being the target for 999 call handling.
<p>Effectiveness of the new governance arrangements for the PCC and the CC</p>		
<p>The transition from police authorities to two separate legal entities, the PCC and the CC, required the timely establishment of effective governance arrangements.</p> <p>Whilst they are separate bodies, their success is intertwined. To succeed the PCC and the CC must continue to dovetail their governance arrangements and strategic and operational plans so that they can work seamlessly to deliver a challenging agenda</p>	<p>Economy, efficiency and effectiveness</p> <p>Financial resilience</p>	<ul style="list-style-type: none"> ▶ The stage 2 scheme for the transfer of staff has been approved, mechanisms are in place for the PCC to hold the CC to account and governance arrangements have been developed to monitor that commissioning monies are expended on schemes that will deliver the desired outcomes. ▶ The Home Secretary approved the detailed stage 2 scheme for the transfer of staff from the PCC's employment to that of the Chief Constable in March 2014. ▶ In line with good practice, the PCC is transparent and discloses, on the Suffolk PCC website, how the PCC is working with the CC and partners. The PCC meets the CC weekly and formally monitors both the operational and financial performance of the CC through the PCC/CC Accountability and Performance Panel every two months. The Police and Crime Panel is monitoring the PCC's progress on the Police and Crime Plan. ▶ The PCC has powers to make grants to bodies to deliver reductions in crime and disorder and to commission services. In addition, the Ministry of Justice is issuing grants to support victims of crime. The PCC has governance arrangements in place to monitor that organisations applying for grant monies deliver desired outcomes. The PCC for Suffolk's decision notices on approved schemes specify the conditions for awarding grants.

5. Control themes and observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal of internal control we are required to communicate to you significant deficiencies in internal control.

The matters reported below are limited to those deficiencies that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you.

5.1 Current year observations

Description	Impact
<ul style="list-style-type: none"> ▶ We have not identified any material weakness in the design or operation of an internal control that might result in a material error in your financial statements. 	<ul style="list-style-type: none"> ▶ No action required.

5.2 Status of previous year's recommendations

Description	Impact
<ul style="list-style-type: none"> ▶ Our 2012/13 report noted that the PCC and CC did not advertise the audit in accordance with the Accounts and Audit Regulations 2011. 	<ul style="list-style-type: none"> ▶ Both the PCC and CC have met the requirements of the Regulations for 2013/14.
<ul style="list-style-type: none"> ▶ Previous audit reports have reported weaknesses within the register to support Property, Plant and Equipment. 	<ul style="list-style-type: none"> ▶ Management continue to respond to audit requests and provide reports to support disclosures to the financial statements. Management are seeking to address the issue through the Enterprise Resource Planning System from 1 April 2015.

5.3 Challenges for the coming year

Description	Impact
<ul style="list-style-type: none"> ▶ A significant challenge during 2014/15 is the introduction across both Norfolk and Suffolk Constabularies of the Enterprise Resource Planning (ERP) system to support Human Resources, Duties, Finance, Procurement and Payroll. The ERP will assist joint working and improve the efficiency of support departments to enable savings to be realised. The system is due to start in April 2015. 	<ul style="list-style-type: none"> ▶ The Constabulary is managing the risks associated with the project implementation, including that of the transfer of legacy data.

6. Status of our work

6.1 Financial statement audit

Our audit work for our opinion on the PCC and the CC's financial statements is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

Item	Actions to resolve	Responsibility
Financial statements	<ul style="list-style-type: none"> ▶ Review of updated disclosure notes covering prior period adjustments and estimates ▶ Explanatory Foreword ▶ External confirmation of £4m investment and cash equivalents from HSBC ▶ Collaboration testing and assurances over ERSOU ▶ Journals testing ▶ Pension Fund disclosures and testing ▶ Testing of credit balances within Expenditure ▶ Reserves (tracing remaining balances) ▶ Financial Instruments ▶ Whole of government accounts ▶ Manager and Audit Director final review of audit work and financial statements for the PCC for Suffolk and the CC for Suffolk Constabulary 	<ul style="list-style-type: none"> ▶ Management and EY.
Production and approval of revised accounts	<ul style="list-style-type: none"> ▶ Production of amended accounts including audit adjustments and then review of these by EY ▶ Approval of accounts at Audit Committee by the PCC for Suffolk and the CC for Suffolk Constabulary ▶ Accounts re-certified by the PCC for Suffolk and the CC for Suffolk Constabulary and the responsible chief finance officers 	<ul style="list-style-type: none"> ▶ Management and the PCC for Suffolk, the CC for Suffolk Constabulary and EY.
Letter of representation	<ul style="list-style-type: none"> ▶ To be provided at Audit Committee on 23 September 2014. 	<ul style="list-style-type: none"> ▶ Management and the PCC for Suffolk and the CC for Suffolk Constabulary.
Production and approval of revised annual governance statement	<ul style="list-style-type: none"> ▶ Production of amended annual governance statements ▶ Approval of accounts at Audit Committee by the PCC for Suffolk and the CC for Suffolk Constabulary ▶ Annual governance statement certified by the PCC for Suffolk and the CC for Suffolk Constabulary and the responsible officers 	<ul style="list-style-type: none"> ▶ Management and the PCC for Suffolk and the CC for Suffolk Constabulary.
Whole of government accounts	<ul style="list-style-type: none"> ▶ Whole of Government Accounts review to be completed by audit team 	<ul style="list-style-type: none"> ▶ Management and EY.

On the basis of our work performed to date, we will issue an unqualified auditor's report in respect of the financial statements of the PCC and CC. However, until we have completed our outstanding procedures, it is possible that further matters requiring amendment may arise.

6.2 Economy, efficiency and effectiveness

Our work in respect of our conclusion on the PCC's and CC's arrangements for securing economy, efficiency and effectiveness of the in their use of resources is substantially complete.

The following items relating to the completion of our procedures were outstanding at the date of this report.

Item	Actions to resolve	Responsibility
Response to HMIC Report: Policing in Austerity	Provision of the responses to the HMIC as regards: <ul style="list-style-type: none"> • the requiring improvement grading and detailing the taking the necessary steps to ensure a secure financial position for the short and long term; and • the review of the CC's savings plans. 	CC for Suffolk Constabulary

We expect to present an unqualified value for money conclusion in regard to the PCC and CC arrangements to ensure economy, efficiency and effectiveness in their use of resources.

6.3 Objections

We have received no objections to the 2013/14 financial statements for the PCC and CC for Suffolk from members of the public.

7. Fees update

A breakdown of our agreed fee is shown below.

	Proposed final fee 2013/14 £'000	Planned fee 2013/14 £'000	Scale fee 2013/14 £'000	Explanation of variance
Total Audit Fee – PCC Code work	44	42	42	We are proposing a scale variation increase of £1,512 for work on financial resilience
Total Audit Fee – CC Code work	24	20	20	We are proposing a scale variation increase of £3,780 for work on financial resilience
Non-audit work (provide details)	0	0	0	

During 2013/14 audit, we have undertaken more work in reviewing financial resilience and the Value for Money Conclusion, as well as the presentation of the financial statements for the PCC for Suffolk and the CC for Suffolk Constabulary than planned during the audit.

Financial Resilience

- ▶ We are proposing to submit a scale fee variation increase of £5,292 (split £1,512 to the PCC and £3,780 to the CC) to the Audit Commission, once agreed by management, upon conclusion of the audit, once agreed by management.
- ▶ We changed our assessment of the risk for financial resilience from a business risk to a significant risk because of the need to:
 - ▶ Assess the response by the CC to identify savings over the period 2014/15 to 2017/18;
 - ▶ Consider the size of the deficit of £16.4 million by 2017/18 in the context of financial planning including the use of reserves; and
 - ▶ Understand the increase between the January and July 2014 Medium Term Financial Plans from £10.2 million to £11.4 million for savings plans yet to be developed within total of £16.4 million.
- ▶ Our extra work involved:
 - ▶ An understanding of the background to the savings plans;
 - ▶ A detailed understanding of the Medium Term Financial Plan;
 - ▶ Modelling using sensitivity analysis of the financial position;
 - ▶ Testing of savings recorded as saved in 2014/15; and
 - ▶ Review of savings projected for the period of the Medium Term Financial Plan to 2017/18.

Presentation of Financial Statements

- ▶ Since we issued our Audit Plan in March 2014, we have re-classified the presentation of the financial statements as a significant audit risk.
- ▶ Management has amended the financial statements following revised guidance from CIPFA and the Audit Commission to recognise the CC acting as Principal for operational policing.
- ▶ We have undertaken extra audit work as a result of these amendments. We may need to raise a scale fee variation increase for this work and we will assess the position at the end of the audit. Any variation increase to scale fees would be limited to the audit review of significant errors. None are apparent at the date of this report.

Variations to scale fees are subject to agreement by the Chief Finance Officers of the PCC and the CC and approval from the Audit Commission.

8. Summary of audit differences

In the normal course of any audit, we identify differences between amounts we believe should be recorded in the financial statements and amounts actually recorded. These differences are classified as either 'factual' or 'judgemental'. Factual differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Our audit identified a number of disclosure and consistency errors in the financial statements presented for audit. Management has adjusted the financial statements of the PCC and the CC for all errors found. We report on errors above the tolerable error of £2.8 million for the PCC Group, £2.6 million for the CC single entity, £1.45 million for the PCC single entity and £0.4 million for the Police Pension Fund. Where relevant, we have reported errors above this level as detailed in Section 3 of this Report. None of these had an impact on the financial position of the PCC and CC.

9. Independence confirmation: update

We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 18 March 2014 and discussed at 28 March 2014 Audit Committee. We complied with the Auditing Practice's Board's Ethical Standards for Auditors and the requirements of the Standing Guidance and in our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit Committee on 23 September 2014.

Appendix A Required communications with the Audit Committee

There are certain communications that we must provide to the audit committee. These are detailed here:

Required communication	Reference
Terms of engagement	The Statement of Responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies.
Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.	Audit Plan
Significant findings from the audit <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report
Misstatements <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant 	Audit Results Report
Fraud <ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit Results Report
Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report
External confirmations <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report

Required communication	Reference
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Audit Results Report
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	Audit Plan and update in section 8 of this report
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit Results Report
<p>Significant deficiencies in internal controls identified during the audit</p>	Audit Results Report
<p>Group audits</p> <ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	Audit Plan and Audit Results Report
<p>Fee reporting</p> <ul style="list-style-type: none"> ▶ Final, planned and scale fee broken down into the headings of Code audit work; certification of claims and returns; and any non-audit work (or a statement to confirm that no non-audit work has been undertaken for the body). 	Audit Plan and Audit Results Report

Appendix B PCC - Letter of representation

[On the PCC for Suffolk Letterhead paper]

Date: 23 September 2014

To:

Neil A Harris
Audit Director
Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Dear Neil

**The Police and Crime Commissioner for Suffolk
Letter of Representation
Audit of 2013/14 Financial Statements**

This representation letter is provided in connection with your audit of the consolidated and parent financial statements of the Police and Crime Commissioner for Suffolk (the Group and PCC) for the year ended 31 March 2014. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent financial statements give a true and fair view of the Group and PCC financial position of the Police and Crime Commissioner for Suffolk as of 31 March 2014 and of its expenditure and income for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose – all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and the PCC, the Accounts and Audit Regulations (England) 2011 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.
2. We acknowledge, as members of management of the Group and PCC, our responsibility for the fair presentation of the financial statements. We believe the consolidated and PCC financial statements referred to above give a true and fair view of the financial position financial performance (or results of operations) and cash flows of the Group and PCC in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and are free of material misstatements, including omissions. We have approved the consolidated and PCC financial statements.
3. The significant accounting policies adopted in the preparation of the consolidated and PCC financial statements are appropriately described in the consolidated and PCC financial statements.
4. As members of management of the Group and PCC, we believe that the Group and the PCC has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. We have disclosed to you the results of our assessment of the risk that the consolidated and PCC financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Group and the PCC's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the consolidated or PCC financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the consolidated or PCC financial statements or otherwise affect the financial reporting of the Group and the PCC.

C. Compliance with Laws and Regulations

1. We have disclosed to you all known actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing the consolidated and PCC financial statements.

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that you have requested from us for the purpose of the audit and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the consolidated and PCC financial statements.
3. We have made available to you all minutes of the meetings of the Accountability and Performance Panel, Audit Committee and Collaboration Panel (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year up to the 23 September 2014.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and PCC's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and PCC financial statements.
5. We have disclosed to you, and the group and PCC has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and PCC financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. There are no guarantees that we have given to third parties.
4. No claims in connection with litigation have been or are expected to be received.

F. Subsequent Events

1. Other than disclosed in the consolidated and PCC financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and PCC financial statements or notes thereto.

G. Accounting Estimates

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
2. Accounting estimates recognised or disclosed in the financial statements:
 - We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
 - No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for

Yours Sincerely,

Chris Bland
Chief Finance Officer

I confirm that this letter has been discussed and agreed at a meeting with of the Audit Committee, attended by the Police and Crime Commissioner for Suffolk on 23 September 2014.

Tim Passmore
The Police and Crime Commissioner for Suffolk

Appendix C CC - Letter of representation

[On the Chief Constable for Suffolk Constabulary Letterhead paper]

Date: 23 September 2014

To:

Neil A Harris
Audit Director
Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Dear Neil

**The Chief Constable for Suffolk Constabulary
Letter of Representation
Audit of 2013/14 Financial Statements**

This representation letter is provided in connection with your audit of the financial statements of the Office of the Chief Constable for Suffolk Constabulary (the Office) for the year ended 31 March 2014. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Office as of 31 March 2014 and of its expenditure and income for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose – all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations (England) 2011 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.
2. We acknowledge our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and of its expenditure and income of the Office in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. We believe that the Office has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the internal controls over financial reporting in the Office. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the CC's financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the CC's financial statements or otherwise affect the financial reporting of the Office.

C. Compliance with Laws and Regulations

1. We have disclosed to you all known actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.

- Additional information that you have requested from us for the purpose of the audit and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
 3. We have made available to you all minutes of the meetings of the Accountability and Performance Panel, Audit Committee and Collaboration Panel (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year up to the 23 September 2014.
 4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Office's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
 5. We have disclosed to you, and the Office has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. There are no guarantees that we have given to third parties.
4. No claims in connection with litigation have been or are expected to be received.

F. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Accounting Estimates

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
2. Accounting estimates recognised or disclosed in the financial statements:
 - We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent.

- The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
- The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
- No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for

Yours Sincerely,

Phillip Clayton
Chief Finance Officer

I confirm that this letter has been discussed and agreed at a meeting with of the Audit Committee, attended by the Chief Constable for Suffolk on 23 September 2014

Douglas Paxton
Chief Constable for Suffolk Constabulary

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