

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

Audit Results Report - ISA (UK and Ireland) 260 for the
year ended 31 March 2016

September 2016
Ernst & Young LLP



Building a better
working world

Deliberately left blank for printing purposes

Contents

1. Executive summary	0
2. Responsibilities and purpose of our work.....	3
3. Financial statements audit	4
4. Value for money	8
Appendix A – Outstanding matters	11
Appendix B – Independence.....	12
Appendix C – Auditor fees	13
Appendix D – Draft audit report.....	14
Appendix E – Management representation letter.....	18
Appendix F – Required communications with the audit committee	26

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued “Statement of responsibilities of auditors and audited bodies 2015-16”. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between 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 ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. This report is intended solely for the use of the Members of the audited body. 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. Executive summary

The National Audit Office's Code of Audit Practice (the Code) requires us to report to those charged with governance – the Police and Crime Commissioner (PCC) and the Chief Constable (CC) – on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified. This report summarises the findings from the 2015/16 audit which is substantially complete. It includes messages arising from our audit of your financial statements (which comprise those for the Police and Crime Commissioner Group and those for the Chief Constable) and the results of the work we have undertaken to assess your arrangements to secure economy, efficiency and effectiveness in your use of resources.

Below are the results and conclusions on the significant areas of the audit process.

Status of the audit	<p>We have substantially completed our audit of the financial statements of the Police and Crime Commissioner for Suffolk (Group) incorporating the Police and Crime Commissioner (Single Entity) and the Chief Constable (Single Entity) for the year ended 2015/16. Subject to satisfactory completion of the outstanding items included in Appendix A we will issue an audit opinion in the form which appears in Appendix D.</p> <p>We have performed the procedures outlined in our Audit Plan and anticipate issuing an unqualified opinion on the financial statements of the PCC Group and Single Entity and the CC Single Entity.</p> <p>We expect to conclude that you have put in place proper arrangements to secure value for money in your use of resources.</p> <p>We have performed the procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission. The PCC Group is below the threshold requiring a detailed audit of the consolidation pack for Whole of Government. We have no issues to report.</p> <p>We expect to issue the audit certificate at the same time as the audit opinion.</p>
Objections	<p>We have not received any objections to the 2015/16 accounts from members of the public.</p>
Audit differences	<p>There are no unadjusted or adjusted audit differences this year above the levels set which we need to report to you</p>
Scope and materiality	<p>In our audit plan presented at the 23 March 2016 Audit Committee meeting, we communicated that our audit procedures would be performed using a materiality of £3.9 million for the Group; £3.6 million for the Chief Constable (Single Entity); £1.7 million for the PCC (Single Entity); and £0.6 million for the Police Pension Fund Accounts.</p> <p>We have reassessed this based on the draft financial statements for the financial year and have slightly amended the amounts to £3.7 million for the Group; £3.5 million for the Chief Constable (Single Entity); £1.7 million for the PCC (Single Entity); and £0.7 million for the Police Pension Fund Accounts. The reason for the change in the Group accounts derives mainly from a fall of £5 million in Pension Interest costs to £40.7 million.</p>

The basis of our assessment is 2% of gross operating expenditure for the Group and Chief Constable (Single Entity), 2% of Gross Assets for the PCC (Single Entity); and 2% of Benefits Payable for the Police Pension Fund. These 2% thresholds have remained consistent with prior years' thresholds.

The threshold for reporting audit differences which impact the financial statements has also changed from £0.195 million to £0.186 million for the Group; from £0.180 million to £0.175 million for the Chief Constable (Single Entity); from £0.085 million to £0.082 million for the PCC (Single Entity); and £0.030 million to £0.036 million for the Police Pension Fund.

The basis of our assessment is 5% of gross operating expenditure for the Group and Chief Constable (Single Entity), 5% of Gross Assets for the PCC (Single Entity); and 5% of Benefits Payable for the Police Pension Fund. All of these have remained consistent with prior year thresholds.

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas, the areas identified and audit strategy applied include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits. We checked the bandings reported in the financial statements, tested the completeness of the disclosures and checked that the disclosures made were compliant with the Code of Practice. We checked transactions back to the payroll system and supporting documentation.
- Related party transactions. Our audit strategy was to obtain and review declarations from senior officers and members of the PCC and Constabulary for any material disclosures and make sure that the disclosure was compliant with the Code.

We carried out our work in accordance with our Audit Plan. However, the financial statements for the PCC Group and PCC Single Entity contain a prior period adjustment for the material Home Office grant of £14.192 million for 2014/15. With Prior Period Adjustments we consult with our Professional Practices Department and where issues may be a technical accounting impacting on other financial statements we involve our technical network. As a result our work has incurred an extra fee.

Significant audit risks

We identified the following audit risks during the planning phase of our audit and reported these to you in our audit plan presented to the 23 March 2016 Audit Committee:

- Risk of fraud in revenue and expenditure recognition;
- Risk of management override; and
- New Enterprise Resource Planning system

The 'addressing audit risks' section of this report sets out how we have gained audit assurance over those issues.

Other reporting issues

We have no other matters we wish to report.

We wish to report the following matters:

- The PCC and CC published the relevant documents on their respective websites in time for the public inspection period beginning 1 July 2016; and

-
- Management prepared working papers for the first week of the audit visit of 25 July but best practice is to do this for the signing of the financial statements by the Section 15 Officer for 30 June next year and 31 May in 2017/18. Management also had difficulty in obtaining payroll reports to support our analytics data in this area and which delayed our audit.

Control observations

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware

We would like to take this opportunity to thank the Office of the Police and Crime Commissioner's staff and the staff of the Chief Constable for their assistance during the course of our work.

Kevin Suter (senior statutory auditor)
For and on behalf of Ernst & Young LLP, Appointed Auditor
Luton

September 2016

2. Responsibilities and purpose of our work

The Responsibilities of the Police and Crime Commissioner (PCC) and the Chief Constable (CC)

The PCC and CC are responsible for preparing and publishing their Statement of Accounts, accompanied by their Annual Governance Statements (AGS). In the separate AGS documents, the PCC and 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 CC are also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

Purpose of our work

Our audit was designed to:

- Express an opinion on the 2015/16 financial statements of the PCC Group, the PCC and the CC together with the consistency of other information published with them;
- Report on an exception basis on the PCC and CC Annual Governance Statements;
- Consider and report any matters that prevent us being satisfied that the PCC and CC had put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources (the value for money conclusion); and
- Discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

In addition, this report contains our findings related to the areas of audit emphasis and any views on significant deficiencies in internal control or the PCC and CC accounting policies and key judgments.

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.

3. Financial statements audit

Addressing audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

A significant audit risk in the context of the audit of the financial statements is an inherent risk with both a higher likelihood of occurrence and a higher magnitude of effect should it occur and which requires special audit consideration. For significant risks, we obtain an understanding of the entity's controls relevant to each risk and assess the design and implementation of the relevant controls.

Significant Risks (including fraud risks)	Audit procedures performed	Assurance gained and issues arising
<p>Risk of fraud in revenue recognition</p> <p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>One area which may be particularly susceptible to manipulation is the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Capital programme.</p>	<ul style="list-style-type: none"> · Reviewed and tested revenue and expenditure recognition policies; · Reviewed and discussed with management any accounting estimates on revenue or expenditure recognition for evidence of bias; · Reviewed and tested revenue cut-off at the period end date; and. · Tested the additions to the Property, Plant and Equipment balance to ensure that they are properly classified as capital expenditure. 	<ul style="list-style-type: none"> · Our review concluded that the PCC and CC has appropriate revenue and expenditure recognition policies; · Our review of accounting estimates did not identify any evidence of management bias; · We did not find errors from testing cut-off processes; · Our testing did not identify any expenditure which had been inappropriately capitalised.
<p>Risk of management override</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly 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.</p>	<ul style="list-style-type: none"> · 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 	<ul style="list-style-type: none"> · We did not identify any material misstatements, evidence of management bias or significant unusual transactions in our testing. · Our review of accounting estimates did not identify any evidence of management bias. · We did not identify any significant unusual transactions

New ERP System		
<p>Suffolk and Norfolk Constabularies have implemented the new Enterprise Resource Planning system to support Human Resources, Duties, Finance, Procurement and Payroll. The ERP system aims to assist joint working and improve the efficiency of support departments to enable savings to be realised. The system was implemented in April 2015.</p> <p>We are aware that there were problems on inception and as this will be the first year that the financial statements are produced using the new ERP system there is a risk that the statements may be materially misstated.</p>	<ul style="list-style-type: none"> • Reviewed the controls implemented by management to transfer its financial information to the new financial system, including reliance on the work performed by Internal Audit where relevant; • Documented the key financial systems and walkthrough the key processes and controls; • Used data analytics to map the trial balance to the financial statements to identify any coding anomalies; • Performed high level analytical procedures to help identify any significant unexpected year-on-year variances; • Checked the balance sheet opening balances to ensure these have been migrated correctly from the previous system; and • Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements to ensure significant balances have been correctly classified. 	<ul style="list-style-type: none"> • Our review of the transfer of financial information and payroll data indicated that management had appropriate governance and control procedures in place to highlight and address errors arising from the transfer of data; • We did not identify any significant control deficiencies from our walk-through of key processes and controls; • Our mapping of the trial balance did not identify any coding anomalies; • Management were able to explain some but not all of the significant variances arising from our high-level analytical review. We have not found any issues of miss-classification from our expenditure testing. • Our review of balance sheet opening balances did not highlight any balances that had not migrated incorrectly from the previous system; • Our testing of journal entries recorded in the general ledger and other adjustments have not identified incorrectly classified significant balances.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the PCC and CC financial reporting process, including the following:

- Qualitative aspects of your accounting practices; estimates and disclosures;
- Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions;
- Any significant difficulties encountered during the audit; and
- Other audit matters of governance interest

We wish to report the following matters:

- The PCC and CC published the relevant documents on their respective websites in time for the public inspection period beginning 1 July 2016;
- Management prepared working papers for the first week of the audit visit of 25 July but best practice is to do this for the signing of the financial statements by the Section 15 Officer. As the timetable moves to 31 May in 2017/18, management needs to bring forward its preparations to meet this date.

- Management also had difficulty in obtaining payroll reports to support our analytics data which delayed our audit in this area.
- The financial statements for the PCC Group and PCC Single Entity contain a prior period adjustment for the material Home Office grant of £14.192 million for 2014/15. Management identified the adjustment following the harmonisation of financial processes between Norfolk and Suffolk Constabulary. In previous years the PCC has credited the grant to Taxation and Non-Specific Grant Income. The restatement credits the grant to Other Operating Expenditure. The financial statements record that the adjustment is presentational in the Comprehensive Income and Expenditure Statement, but having no impact on the Balance Sheet, Cash Flow Statement and Movement in Reserves Statement. With Prior Period Adjustments we consult with our Professional Practices Department and where issues may be a technical accounting impacting on other financial statements we involve our technical network. Following our audit management has amended Note 37 in the PCC accounts to provide further disclosure of the prior period adjustment in respect of Note 9 (Government Grants). Our work has incurred an extra fee.
- Within Note 7 (PCC accounts) and Note 6 (CC accounts) Amounts Reported for Revenue Resource Allocation Decisions, we identified differences between the 2014/15 and 2015/16 financial statements. Management were unable to explain fully all differences. This is because the PCC and CC reported segmental reporting on a different basis between 2014-15 and 2015-16, with 2015-16 being on an outturn basis. The PCC and CC are unable to restate the segmental comparatives because of the change to the Enterprise Resource System. Our audit has tested 2015/16 income and expenditure substantively and not found any areas of misclassification.
- Management has amended the narrative report to highlight risks to the achievement of the PCC's and CC's corporate objectives and has enhanced financial and performance information. The report now complies with the requirements of the Update to the Code of Practice on Local Authority Accounting issued in February 2016.
- Management has amended the annual government statement to provide the Head of Internal Audit Opinion in full and to record the results of HMIC inspections during 2015/16.
- Management has recorded a non-adjusting post balance sheet event to record the potential to have a material impact on balances and disclosures in the financial statements.

Control themes and observations

It is the responsibility of the PCC and CC to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the PCC and CC have put adequate arrangements in place to satisfy themselves that the systems of internal financial control are both adequate and effective in practice.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

We have reviewed the Annual Governance Statement and can confirm that, as amended, it not misleading or inconsistent with other information forthcoming from the audit or our knowledge of the PCC and CC.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

Request for written representations

We have requested a management representation letter to gain management's confirmation in relation to a number of matters, as outlined in Appendix G. In addition to the standard representations, we have requested the following specific representations, for areas where cannot otherwise gain audit assurance:

Use of a Specialist

- We have requested representation that the PCC, the CC and management did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and that Members and management are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists;

Estimates

- For the estimates for Property, Plant and Equipment and Pension Liabilities we have requested representation from the PCC, the CC and management that the estimates appropriately reflect their intent and ability to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenue and expenses during the year on behalf of the entity; and

Retirement Benefits

- We have requested representation from the PCC, the CC and management that the actuarial assumptions underlying the scheme liabilities are consistent with the knowledge Members and management of the business and that all significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

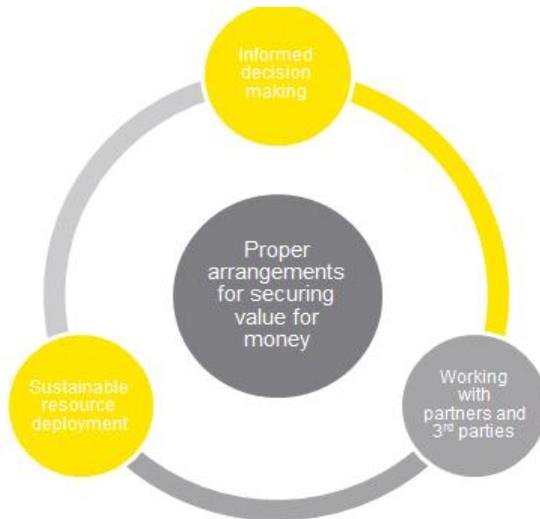
Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.

The PCC (Group) is below the threshold which does not require 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 2016. At this stage, we have no issues to report to you.

4. Value for money



We are required to consider whether the PCC and CC have put in place 'proper arrangements' to secure economy, efficiency and effectiveness in their use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

Overall conclusion

We identified one significant risk in relation to these arrangements, in relation to:

- Deploying resources in a sustainable manner;

We have performed the procedures outlined in our audit plan, focussing on reviewing:

- The key assumptions made within the 2016/17 annual budget; and
- The development of the savings plans; and
- The work of Her Majesty's Inspectorate of Constabulary (HMIC) on its PEEL assessment.

We did not identify any significant weaknesses in the arrangements of the PCC and CC. However, we have concluded that achieving savings plans and the budget gap still represent a challenge in the medium term. The PCC and CC need to develop robust plans and deliver savings from its initiatives, consider carefully the impact of any decisions to freeze council tax and continue to review the levels of reserves to support the PCC's and CC's finances.

We therefore expect to conclude that you have put in place proper arrangements to secure value for money in your use of resources

Significant risks

The table below presents the findings of our work in response to the risk areas in our audit plan.

VFM risk identified within our audit plan	Impacts arrangements for:	Key findings
<p>Nationally the Police sector has been subject to funding reductions, In the autumn statement in November 2015 the Chancellor announced the funding settlement for police would be better than your previous expectations. The use of the budget support reserve has therefore been reduced. However, there are still cost pressures and the need for savings in both the 2016/17 budget and medium term financial plans.</p>	<p>Deploying resources in a sustainable manner;</p>	<p>We consider deploying resources in a sustainable manner to be a risk to the Value for Money Conclusion. To assess this risk we have reviewed the PCC's and CC's Medium Term Financial Plan (MTFP) as of 29 January 2016 to review:</p> <ul style="list-style-type: none"> • The key assumptions made within the 2016/17 annual budget; • The development of the savings plans; and • The work of Her Majesty's Inspectorate of Constabulary (HMIC) on its PEEL assessment. <p>The key assumptions made within the 2016/17 annual budget</p> <p>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. Management use scenario planning effectively to provide guidance to the PCC in determining options for budget setting and the level of precept.</p> <p>We concluded that The MTFP identifies the key assumptions expected to underpin the 2016/17 budget. Assumptions include:</p> <ul style="list-style-type: none"> • Reductions in future levels of Government Grant; • Pay inflation, inflation for other costs; and • Council tax increases, using sensitivity analysis to project the impact of decisions for freezing or increasing council tax by nearly 2% with options for no increase or a 2% increase thereafter; and • The £1.8 million impact from the Government's intention to introduce a reformed State Pension of £144 per week from April 2017. <p>The development of the savings plans</p> <p>During 2015, the PCC and CC had based the MTFP on expectations of a 25% reduction in police funding. The Government's December 2015 Police Grant Report noted a reduction of 0.6%. As a result PCC and CC reduced its January 2015 forecast budget gap of £10.5 million to £1.231 million as of 31 March 2020. based on annual 2% council tax increases. However, the gap of £1.232 million is dependent on the non-recurrent £1.520 million use of reserves in 2016/17 and the cumulative impact of savings and investment plans of £4.451 million to 31 March 2020.</p> <p>The MTFP forecasts useable reserves to rise from £12.3 million to £12.8 million by 31 March 2020. The PCC and CC have identified and are on course to deliver the required £5.683 savings for 2016/17 but will need to keep the level of reserves under review if austerity continues or savings programmes slip.</p> <p>However, the PC and CC have a record of achieving savings plans, with the MTFP recording £20.8 million saved from collaboration with Norfolk Constabulary and Suffolk only schemes from 2010/11 to 2015/16. Previous internal and external audit work have found governance arrangements in the Programme Management Office to be sound, This provides a good platform for the PCC and CC to achieve the required savings through the outcome based budgeting, Suffolk Local policing Review and regional collaboration as outlined in the MTFP.</p> <p>The work of HMIC on its PEEL assessment.</p> <p>HMIC concluded that Suffolk Constabulary is adequately prepared to face its future financial challenges. However, achieving savings plans and the budget gap still represent a challenge in the medium term. The PCC and CC need to develop robust plans and deliver savings from its initiatives, consider carefully the impact of any decisions to freeze council tax and continue to review the levels of reserves to support the PCC's and CC's finances.</p>

Other matters to bring to you attention

We noted the following issues as part of our audit, which impact on both the PCC for Suffolk and the CC of Suffolk Constabulary.

Key findings

Brexit:

EU Legislation touches all parts of the public sector and the Leave vote may impact on the public sector significantly. It is clear that it will take some time to cut the ties to Brussels but it is not clear what changes can be made before the conclusion of any process of Brexit.

The UK Government currently faces a number of distractions that could delay decision making including the potential devolution of administrations continuing to push for further referendums and events overtaking the government and the ability of central government to respond to such events as the private sector starting to move some of their operations abroad as already initiated by some in the Financial services sector.

The government is likely to feel under pressure to start delivering palpable signs of the promised benefits whilst tackling the real task of the economy and negotiating exit from the EU. The negotiation will place reliance on the likes of the Cabinet Office, HMT, FCO, BIS, and the Home Office and all of this activity will likely distract from the normal run of business – this will spread to other departments as the task of reviewing legislation and post referendum policy progresses.

Financially the implications of Brexit could have a short term impact on the PCC and CC given the implications for Interest Rates and the associated deterioration in returns from both short and long term investments.

New Legislation which infers new powers and responsibilities on the Police and Crime Commissioner (PCC):

The previous Home Secretary, now Prime Minister, was keen on expanding and developing the role of the Police and Crime Commissioner. If these proposed changes are enacted in legislation this could impact on the governance of the Constabulary as well as the resources required to meet the new role and responsibilities. Some of the proposed changes include the PCC taking on responsibility for other blue light services in the area such as Fire and Rescue. This was introduced via the Policing and Crime Bill. Another key area of change introduced in the Bill was in relation to the police complaints system. Currently the Chief Constable is responsible for overseeing at a local level the complaints system. However recent discussions at a governmental level have suggested that this role could transfer across to the PCC with the PCC becoming in effect the appellate body for those appeals currently heard by the Chief Constable. This would require additional resource in the Office of the PCC to meet these additional responsibilities.

Appendix A – Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report

Item	Actions to resolve	Responsibility
Management representation letter	Receipt of signed letter of representation	Management and Audit and Scrutiny Committee
Narrative Statement, accounts and Annual Governance Statement.	<ul style="list-style-type: none"> · Approval of accounts by Audit and Scrutiny Committee · Accounts re-certified by the chief Finance Officer 	EY, management and Audit Committee
Subsequent events review	Completion of the subsequent events procedures to the date of signing the audit report	EY and management
Any other outstanding work	Management and EY to work together to complete any outstanding work following receipt of the final draft version of the financial statements	EY and management
Remaining audit work	<ul style="list-style-type: none"> · Document requests to support the Enterprise Reporting System · Journal Testing · Income and Expenditure · Debtors and Creditors · Cash Cut Off testing · Exit Costs · Police Pension Fund · Payroll Starters and Leavers · Disclosure of Related Parties; · Completion of Minor disclosure notes; and · Completion of Manager and Director review procedures. 	EY and management
Remaining audit work	Completion of Whole of Government Accounts. Submission of conclusion to the national Audit Office.	EY

Appendix B – Independence

There has been one change in our assessment of independence since our confirmation in our Audit Plan issued to the 23 March 2016 Audit Committee.

We recorded one threat of familiarity in our Audit Plan. Norfolk Constabulary has employed a former member of EY as a Financial Accountant from February 2016, who had previously worked closely with several members of the EY Team, including Assistant Manager Dan Cooke, who we appointed in November 2016 to manage the audit. Their role included preparing working papers for the financial statements audit for the PCC for Suffolk and the CC of Suffolk Constabulary. During 2016, there was an ongoing social interaction with Dan Cooke and so we decided to make changes to our audit team in order to demonstrate our continuing independence. Therefore, your former Manager, Chris Hewitt, has replaced Dan to manage the audit.

We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Public Sector Audit Appointments Ltd (PSAA)'s Terms of Appointment. 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 confirm that we are not aware of any other relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.

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 2016.

We confirm that we have met the reporting requirements to the PCC and CC, as 'those charged with governance' under International Standards on Auditing (UK and Ireland) 260 – Communication with those charged with governance. Our communication plan to meet these requirements was set out in our Audit Plan submitted to the 23 March 2016 Audit Committee.

Appendix C – Auditor fees

The table below sets out the scale fee and our final proposed audit fees.

Description	Proposed final Fee 2015/16 £	Scale Fee 2015/16 £	Variation comments
Total Audit Fee – Code work - PCC	31,733*	31,733	Not Applicable
Total Audit Fee – Code work - CC	15,000	15,000	Not Applicable
Non-audit work	0	0	Not Applicable

* We have also undertaken extra work as a result of:

- The review of the Prior Period Adjustments undertaken by the PCC in relation to the Home Office Top Up Grant involving work by our Technical Network and submission to the our Professional Practices Department; and
- Later than planned responses to our request for documentation regarding the Enterprise Resource Planning system.

We anticipate a scale fee variation will be necessary, which we will discuss in the first instance with the Chief Finance Officer.

We confirm we have not undertaken any non-audit work outside of the PSAA's requirements.

Appendix D – Draft audit report

INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR SUFFOLK

Opinion on the Police and Crime Commissioner for Suffolk financial statements

We have audited the financial statements of the Police and Crime Commissioner for Suffolk for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- *Police and Crime Commissioner for Suffolk and Group Movement in Reserves Statement;*
- *Police and Crime Commissioner for Suffolk and Group Comprehensive Income and Expenditure Statement;*
- *Police and Crime Commissioner for Suffolk and Group Balance Sheet;*
- *Police and Crime Commissioner for Suffolk and Group Cash Flow Statement;*
- *Police and Crime Commissioner for Suffolk Police Pension Fund Account Statements;* and
- The related notes 1 to 37.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the Police and Crime Commissioner for Suffolk in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Suffolk, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities for the Accounts set out on page 3, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Police and Crime Commissioner for Suffolk and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2015/16 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Suffolk and Group as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2015/16 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;

- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in the use of resources

Police and Crime Commissioner's responsibilities

The Police and Crime Commissioner for Suffolk is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the PCC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Police and Crime Commissioner for Suffolk has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner for Suffolk's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2015, as to whether the Police and Crime Commissioner for Suffolk had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner for Suffolk put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Police and Crime Commissioner for Suffolk had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Suffolk has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of the Police and Crime Commissioner for Suffolk in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Kevin Suter (senior statutory auditor)

For and on behalf of Ernst & Young LLP, Appointed Auditor
Luton

September 2016

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF SUFFOLK CONSTABULARY

Opinion on the Chief Constable of Suffolk Constabulary financial statements

We have audited the financial statements of the Chief Constable of Suffolk Constabulary for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- *Chief Constable of Suffolk Constabulary Movement in Reserves Statement;*
- *Chief Constable of Suffolk Constabulary Comprehensive Income and Expenditure Statement;*
- *Chief Constable of Suffolk Constabulary Balance Sheet;*
- *Chief Constable of Suffolk Constabulary Cash Flow Statement*
- *Chief Constable of Suffolk Constabulary Pension Fund Accounts; and*
- *The related notes 1 to 21.*

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the Chief Constable of Suffolk Constabulary in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable of Suffolk Constabulary, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities for the Accounts set out on page 3, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Chief Constable of Suffolk Constabulary's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2015/16 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Suffolk Constabulary as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2015/16 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on the Chief Constable of Suffolk Constabulary's arrangements for securing economy, efficiency and effectiveness in the use of resources

Chief Constable of Suffolk Constabulary's responsibilities

The Chief Constable of Suffolk Constabulary is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable of Suffolk Constabulary has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the CC has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable of Suffolk Constabulary's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2015, as to whether the Chief Constable of Suffolk Constabulary had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable of Suffolk Constabulary put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable of Suffolk Constabulary had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, the Chief Constable of Suffolk Constabulary has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of the Chief Constable of Suffolk Constabulary in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Kevin Suter (senior statutory auditor)

For and on behalf of Ernst & Young LLP, Appointed Auditor
Luton

September 2016

Appendix E – Management representation letter

Audit of the Group and PCC Single Entity Financial Statements

[To be prepared on the PCC for Suffolk's letterhead]

[Date]

Kevin Suter
Executive Director
Ernst & Young
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Dear Kevin,

The Police and Crime Commissioner for Suffolk and Group
2015/16 Letter of Representations

This letter of representations is provided in connection with your audit of the consolidated and single entity financial statements of the Police and Crime Commissioner for Suffolk (PCC and Group) for the year ended 31 March 2016. 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 PCC and Group financial position of the Police and Crime Commissioner for Suffolk as of 31 March 2016 and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

We understand that the purpose of your audit of our consolidated Group and single entity 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 for the Group and PCC single entity, in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
2. We acknowledge, as members of management of the Group and PCC single entity, our responsibility for the fair presentation of the consolidated Group and PCC single entity financial statements. We believe the consolidated Group and PCC single entity financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the consolidated Group and PCC single entity in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and are free from material misstatements, including omissions. We have approved the consolidated Group and PCC single entity financial statements.

3. The significant accounting policies adopted in the preparation of the consolidated Group and PCC single entity financial statements are appropriately described in the consolidated Group and PCC single entity financial statements.
 4. As members of management of the Group and PCC single entity, we believe that the consolidated Group and PCC single entity have 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 2015/16 for the consolidated Group and PCC single entity, that are free from material misstatement, whether due to fraud or error.
- 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 Group and PCC single entity financial statements may be materially misstated as a result of fraud.
 3. We have disclosed to you all significant facts relating to any frauds, suspected frauds or allegations of fraud known to us that may have affected the consolidated Group and PCC single entity (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), whether involving management or employees who have significant roles in internal control. Similarly, we have disclosed to you our knowledge of frauds or suspected frauds affecting the entity involving others where the fraud could have a material effect on the consolidated Group and PCC single entity financial statements. We have also disclosed to you all information in relation to any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the consolidated Group and PCC single entity financial statements.
- C. Compliance with Laws and Regulations
1. We have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the consolidated Group and PCC single entity 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;
 - 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 Group and PCC single entity 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 2016.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the consolidated Group and PCC single entity'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 year 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 Group and PCC single entity financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the consolidated Group and PCC single entity has complied with, all aspects of contractual agreements that could have a material effect on the consolidated Group and PCC single entity 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 Group and PCC single entity 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.

F. Subsequent Events

1. Other than described in Note 35 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Group audits

1. Necessary adjustments have been made to eliminate all material intra-group transactions.

H. Ownership of assets

1. Except for assets capitalised under finance leases, the consolidated Group and PCC single entity has satisfactory title to all assets appearing in the balance sheets, and there are no liens or encumbrances on the consolidated Group and single entity PCC's assets, nor has any asset been pledged as collateral. All assets to which the consolidated Group and PCC single entity has satisfactory title appear in the balance sheets.

I. Reserves

1. We have properly recorded or disclosed in the consolidated Group and PCC single entity financial statements the useable and unusable reserves.

Representations required in specific circumstances

Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the Property, Plant and Equipment and Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated Group and PCC single entity financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Estimates for Property, Plant and Equipment, Pension Liabilities and Accrual Estimates.

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
2. We confirm that the significant assumptions used in making the estimates for Property, Plant and Equipment, Pension Liabilities and Accrual estimates reflect our intent and ability to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenue and expenses during the year on behalf of the entity.
3. We confirm that the disclosures made in the consolidated Group and PCC single entity financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated Group and PCC single entity financial statements due to subsequent events

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 2016.

Tim Passmore
The Police and Crime Commissioner for Suffolk

Audit of the Chief Constable of Suffolk Constabulary only financial statements

[To be prepared on the Chief Constable of Suffolk Constabulary's letterhead]

[Date]

Kevin Suter
Executive Director
Ernst & Young
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Dear Kevin,

The Chief Constable of Suffolk Constabulary
2015/16 Letter of Representations

This letter of representations is provided in connection with your audit of the financial statements of the Chief Constable of Suffolk Constabulary ("the CC") for the year ended 31st March 2016. 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 Chief Constable of Suffolk Constabulary as of 31st March 2016 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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 2014/15.
2. We acknowledge, as members of management of the Chief Constable of Suffolk Constabulary, 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, financial performance and cash flows of the Chief Constable of Suffolk Constabulary, in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. 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. As members of management of the Chief Constable of Suffolk Constabulary, we believe that the Constabulary 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 2015/16, that are free from material misstatement, whether due to fraud or error.

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 disclosed to you all significant facts relating to any frauds, suspected frauds or allegations of fraud known to us that may have affected the Force (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), whether involving management or employees who have significant roles in internal control. Similarly, we have disclosed to you our knowledge of frauds or suspected frauds affecting the entity involving others where the fraud could have a material effect on the financial statements. We have also disclosed to you all information in relation to any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the financial statements.

C. Compliance with Laws and Regulations

1. We are not aware of any non-compliance with laws and regulations.

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;
 - 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 2016.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Force’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 period] end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. We have disclosed to you, and the Force 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

4. 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.
5. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
6. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

F. Subsequent Events

1. Other than described in Note 8 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

H. Reserves

1. We have properly recorded or disclosed in the financial statements the unusable reserves.

Representations required in specific circumstances

I. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the IAS 19 Valuation assertions and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

J. Estimates in respect of IAS 19 actuarial assumptions

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the applicable financial reporting framework.
2. We confirm that the significant assumptions used in making the estimates noted above appropriately reflect our intent.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete and made in accordance with the applicable financial reporting framework.
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

K. 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 Chief Constable of Suffolk on 23 September 2016.

Gareth Wilson
The Chief Constable of Suffolk Constabulary

Appendix F – Required communications with the audit committee

There are certain communications that we must provide to the Audit Committee of UK clients. These are detailed here:

Required communication	Reference
<p>Planning and audit approach</p> <p>Communication of the planned scope and timing of the audit, including any limitations.</p>	Audit Plan
<p>Significant findings from the audit</p> <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
<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 	No conditions or events were identified, either individually or in aggregate, that indicated there could be doubt about the PCC for Suffolk's and the CC of Suffolk Constabulary's ability to continue as a going concern for the 12 months from the date of our report.
<p>Misstatements</p> <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
<p>Fraud</p> <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
<p>Related parties</p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <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

Required communication	Reference
<p>External confirmations</p> <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
<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 Audit Results Report
<p>Significant deficiencies in internal controls identified during the audit</p>	Annual Audit Letter/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 	<p>Audit Plan</p> <p>Audit Results Report</p>
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	<p>Audit Plan</p> <p>Audit Results Report</p> <p>Annual Audit Letter</p>

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All rights reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com