



Report to the Audit Committee

**POLICE AND CRIME COMMISSIONER
CAMBRIDGESHIRE AND PETERBOROUGH / THE
CHIEF CONSTABLE OF CAMBRIDGESHIRE**

Audit Progress: year ending 31 March 2019

Position as at 12 April 2019

IDEAS | PEOPLE | TRUST



CONTENTS

1	Executive summary	3		
	Overview	3		
2	Audit risks	4		
	Overview	4		
	Matters requiring additional consideration	5		
3	Control environment	6		
	Control environment: Significant deficiencies	6		
			4	Appendices contents
				7

OVERVIEW

Executive summary

- Contents
- Executive summary**
- Overview
- Audit risks
- Control environment
- Appendices contents

Our interim audit visit began on 28 January 2019. We have focused our work on testing income, expenditure, payroll and journals covering the first nine months of the year. This will allow us to reduce pressure on our final audit visit in June and July.

We have worked with the finance team to ensure the accounts and audit timetables are fully understood and aligned.

Overview

This report summarises the key matters from our interim audit of the Police and Crime Commissioner for Cambridgeshire and Peterborough and the Chief Constable for Cambridgeshire, in particular reporting on the progress to date in respect of our testing of the significant risks.

Our interim audit was conducted as set out in the Audit Planning Report presented at the Joint Audit Committee meeting in January 2019.

Following our final audit in June and July 2019, we will produce an Audit Completion Report which will be presented to the Joint Audit Committee meeting on 25 July 2019.



What is the progress of our audit?

Our interim audit included reviewing the nominal ledger data at Period 9 and performing tests of detail with regards to the first 9 months' transactional activity.

We undertook the following detailed work:

- Documented system notes and carried out walkthroughs of key controls in the financial systems.
- Reviewed the IT general controls in respect of the eFinancials and ePayFact systems.
- Carried out substantive sample testing on 9 months' of fees and charges income transactions. Evidence was obtained to support all items tested.
- Carried out substantive sample testing on 9 months' of expenditure transactions. Evidence was obtained to support all items tested. Further detail provided on page 4.
- Carried out risk based testing of journals for management override of controls. Further detail provided on page 4.
- Agreed an approach to payroll substantive testing consisting of a detailed proof in total procedure and substantive sample testing over new starters during the year.
- Reviewed the basis for the revaluation of property, plant and equipment. Further detail provided on page 4.

OVERVIEW

- Contents
- Executive summary
- Audit risks**
- Overview
- Matters requiring additional consideration
- Control environment
- Appendices contents

As identified in our audit planning report dated 18 January 2019 we assessed the following matters as being the most significant risks of material misstatement in the financial statements. These include those risks which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit and the directing of the efforts of the engagement team.

Significant Audit Risk	Progress	Errors Identified?
Management override	No issues have been identified to date in our review of the appropriateness of journal entries and other adjustments made to the financial statements to date. Our work in this area and our review of accounting estimates will be completed as part of our final audit testing in June and July 2019.	No
Expenditure recognition	We identified three transactions relating to 2017/18 which were not accrued at 2017/18 year-end and subsequently included in 2018/19 expenditure. All were found to be below the de-minimis accrual level. No other issues have been identified to date. Our work in this area will be concluded in our final audit testing in June and July 2019.	No
Property, Plant and Equipment (PPE) valuations	The Authority operates a five year rolling revaluation programme. Three police stations were subject to valuation as at 1 April 2018. For each of these three assets, we are satisfied that the basis of revaluation is appropriate. Our review of the assumptions and standing data used is ongoing at the time of writing and will be completed as part of our final audit testing in June and July 2019. Our review of the movement in valuation on all properties since the last valuation date is also ongoing at the time of writing and will be completed as part of our final audit testing in June and July 2019.	No
Pension liability assumptions	Our testing in this area will be completed as part of our final audit testing in June and July 2019.	No
Bedfordshire, Cambridgeshire and Hertfordshire (BCH) collaboration	No issues have been identified to date in our review of the classification of expenditure between the three authorities. Our testing in this area will be concluded as part of our final audit testing in June and July 2019.	No
Sustainable resource deployment	Our testing in this area will be completed as part of our final audit testing in June and July 2019.	No

MATTERS REQUIRING ADDITIONAL CONSIDERATION

- Contents
- Executive summary
- Audit risks**
- Overview
- Matters requiring additional consideration
- Control environment
- Appendices contents

Fraud

Whilst the Directors have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit procedures to date have not identified any fraud.

We will seek confirmation from you whether you are aware of any known, suspected or alleged frauds since we last enquired when presenting the audit plan on 30 January 2019.



CONTROL ENVIRONMENT: SIGNIFICANT DEFICIENCIES

- Contents
- Executive summary
- Audit risks
- Control environment**
- Control environment: Significant deficiencies
- Appendices contents

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to the Joint Audit Committee.

As the purpose of the audit is for us to express an opinion on the Authority’s financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a

result, the matters reported may not be the only ones which exist.

As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

Our audit to date has not identified any significant deficiencies in internal controls.





APPENDICES CONTENTS

A	Communication with you	8
	Communication with you	8

B	Audit quality	9
	Audit quality	9

COMMUNICATION WITH YOU

- Contents
- Appendices contents
- Communication with you
- Audit quality

Those Charged with Governance (TCWG)

For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Joint Audit Committee.

Communication, meetings and feedback

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered.

We have met with management throughout the audit process. We have issued regular updates driving the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

Communication required	Date (to be) communicated	To whom
Audit Plan	30 January 2019	Joint Audit Committee
Audit Progress Report	23 April 2019	Joint Audit Committee
Audit Completion Report	25 July 2019	Joint Audit Committee

AUDIT QUALITY

- Contents
- Appendix contents**
- Communication with you
- Audit quality



BDO is totally committed to audit quality

It is a standing item on the agenda of BDO’s Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream’s objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections.

BDO welcomes feedback from external bodies and is committed to implementing a necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council’s Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US companies), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years.

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at www.bdo.co.uk

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the Trust and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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