



# Annual Audit Letter 2015/16

**Police & Crime Commissioner for South  
Yorkshire and Chief Constable of South  
Yorkshire**

—  
October 2016



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This report is addressed to the Police & Crime Commissioner for South Yorkshire and the Chief Constable of South Yorkshire (the PCC and the CC) and has been prepared for the sole use of the PCC and CC. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointments' website ([www.psa.co.uk](http://www.psa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Rashpal Khangura, the appointed engagement lead to the PCC and CC audits, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (on 0207 694 8981, or by email to [andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.

This Annual Audit Letter summarises the outcome from our audit work for the Police and Crime Commissioner for South Yorkshire ('the PCC') and the Chief Constable of South Yorkshire ('the Chief Constable') in relation to their 2016/16 audit year.

Although it is addressed to the PCC and the Chief Constable as the corporations sole, it is also intended to communicate these key messages to external stakeholders, including members of the public, and will be placed on the relevant websites.

|                                   |  |
|-----------------------------------|--|
| <b>Audit opinion</b>              | We issued an unqualified opinion on the PCC's and the Chief Constable's financial statements on 29 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the PCC and the Chief Constable and of their expenditure and income for the year.  |
| <b>Financial statements audit</b> | Our audit did not identify any material adjustments. However, an unadjusted misstatement was identified with a total value of £203,000 within the PCC's financial statements. This was in relation to an annual insurance accrual. This accrual is made in January each year and a proportioned amount paid against this on a monthly basis. On moving to the new system the accrual was picked up differently and as at the year-end the system created an additional creditor for £203,000, which was incorrect. The effect of this uncorrected misstatement is immaterial to the PCC's financial statements as a whole.   |
| <b>VFM conclusion</b>             | <p>We issued an unqualified conclusion on the PCC's arrangements to secure value for money (VFM conclusion) for 2015/16 on 29 September 2016. This means we are satisfied that that PCC had proper arrangements for securing financial resilience and challenging how he secures economy, efficiency and effectiveness.</p> <p>We issued a non-standard 'except for' conclusion in respect of the arrangements the Chief Constable had in place for delivering efficiency, effectiveness and economy in respect of child sexual exploitation (CSE) during 2015/16.</p> <p>To arrive at our conclusions we looked at the PCC's and the Chief Constable's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity. We also reviewed reports issued by external review agencies and independent reviews that were relevant to the PCC and the Chief Constable.</p>   |
| <b>VFM risk areas</b>             | <p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks. Our work identified the following two significant matters:</p> <ul style="list-style-type: none"> <li>— <b>Financial Resilience:</b> The PCC and the Chief Constable continue to review and update their respective elements of the medium-term financial plan to reflect new challenges and opportunities as they arise. At present the plan reflects reasonable assumptions of the force's liabilities in respect of legacy issues based on past experiences, with an assumption that Home Office special grant will remain available to fund these significant liabilities after the force had paid an 'excess' towards these costs. The PCC remains in regular contact with the Home Office and other key stakeholders, keeping them apprised of matters as they arise so that appropriate decisions can be taken in a timely manner as required. For these reasons, we believe that the PCC does have appropriate arrangements in place to deliver value for money.</li> </ul> |

# Headlines (cont.)



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|--|---|
| <p><b>VFM risk areas (cont.)</b></p>       | <p>— <b>Child sexual exploitation:</b> The Drew Report, published in March 2016, addressed three key questions posed by the PCC. Of these, two were relevant to our conclusion on the VFM arrangements for the 2015/16 financial year:</p> <ul style="list-style-type: none"> <li>• Has South Yorkshire Police (SYP) understood and acted on the findings of and recommendations in previous reports and inspections, in the media and during parliamentary questioning?</li> <li>• Is the police response to safeguarding children and young people from CSE adequate now?</li> </ul> <p>Professor Drew’s answers to these two questions were positive, and stated that the force had and continued to act upon findings and recommendations from a range of sources, and that the arrangements in place were adequate by the time the report was issued. However, our VFM conclusion covers the arrangements that the Chief Constable has in place for the full year, and while arrangements were adequate by March 2016, considerable work was done during the year by officers and staff within the force to achieve this level of performance by the year-end. As such, the arrangements in place were not adequate for the full financial year, and therefore the VFM conclusion for the Chief Constable was qualified for 2015/16.</p> |
| <p><b>Annual Governance Statement</b></p>  | <p>We reviewed your Annual Governance Statements and concluded that they were consistent with our understanding. There was one adjustment made to the Annual Governance Statement of the Chief Constable where the internal audit opinion had not been reflected correctly.</p>   |
| <p><b>Whole of Government Accounts</b></p> | <p>The PCC produces a Whole of Government Accounts Return for the consolidated financial statements, comprising the activity of the PCC and the Chief Constable combined. We reviewed the consolidation pack prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the PCC’s pack was consistent with the audited financial statements.</p>   |
| <p><b>Audit Recommendations</b></p>        | <p>We raised one medium and two low priority recommendations as a result of our 2015/16 audit work.</p> <p>We will formally follow up these recommendations as part of our 2016/17 work.</p>  |

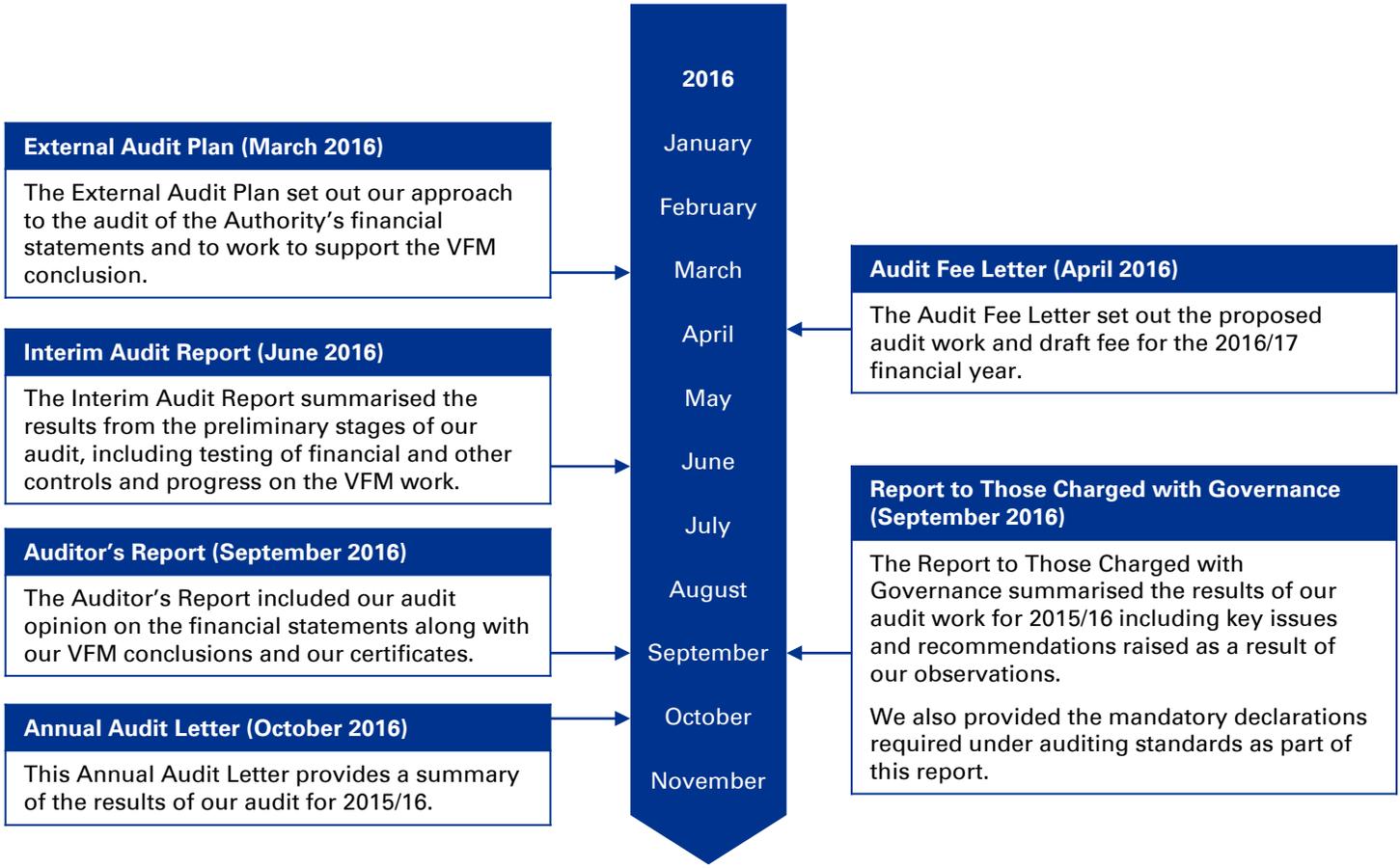
## Section one

# Headlines (cont.)

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| <b>Certificate</b> | We issued our certificates on 29 September 2016. The certificates confirm that we have concluded the audits for 2015/16 in accordance with the requirements of the <i>Local Audit &amp; Accountability Act 2014</i> and the <i>Code of Audit Practice</i> . |
| <b>Audit fee</b>   | Our fee for 2015/16 was £59,052, excluding VAT. Further detail is contained in Appendix 2.  |

# Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter in October 2016.



# Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the PCC and the Chief Constable we have summarised below the outturn against the 2015/16 planned audit fee.

### External audit

Our final fee for the 2015/16 audit of the PCC and Chief Constable is broken down as below:

|                  | PCC            | Chief Constable |
|------------------|----------------|-----------------|
| Planned fee      | £39,143        | £18,750         |
| Additional fee   | -              | £1,159          |
| <b>Total fee</b> | <b>£39,143</b> | <b>£19,909</b>  |

The additional fee is proposed on the grounds that additional work was required on the 'except for' VFM conclusion issued to the Chief Constable on CSE. The additional fee still requires final determination by Public Sector Audit Appointments Limited.

### Other services

We did not charge any additional fees for other services.



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