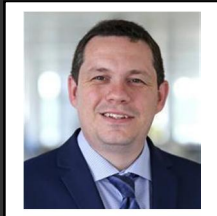


The Police and Crime Commissioner for Cambridgeshire
The Chief Constable of Cambridgeshire Police

Audit results report

Year ended 31 March 2017



19 September 2017

Dear Joint Audit Committee Members

We have substantially completed our audit of the Police and Crime Commissioner for Cambridgeshire, the Chief Constable of Cambridgeshire Police and the Group for the year ended 31 March 2017.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form in Section 3, before the statutory deadline of 30 September 2017.

We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Police and Crime Commissioner, the Chief Constable, members of the Joint Audit Committee and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We look forward to discussing with you any aspects of this report or any other issues arising from our work.

Yours sincerely

Neil Harris
Executive Director

For and on behalf of Ernst & Young LLP

United Kingdom

Contents

01 Executive Summary

02 Areas of Audit Focus

03 Audit Report

04 Audit Differences

05 Value for Money

06 Other Reporting Issues

07 Assessment of Control Environment

08 Appendices

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the 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 (updated February 2017)" issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the PCC, the Chief Constable, members of the Joint Audit Committee and management of Cambridgeshire Police in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the PCC, the Chief Constable, members of the Joint Audit Committee and management of Cambridgeshire Police those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the PCC, the Chief Constable, members of the Joint Audit Committee and management of Cambridgeshire Police for this report or for the opinions we have formed. It should not be provided to any third-party without obtaining our written consent.



01 Executive Summary



Executive Summary

Overview of the audit

Scope and materiality

In our Audit Plan presented to your Joint Audit Committee meeting in March 2017, we gave you an overview of how we intended to carry out our responsibilities as your auditor. We carried out our audit in accordance with this plan.

We planned our procedures using a materiality of £3.4 million for the Group, £1.6 million for the Police and Crime Commissioner for Cambridgeshire (PCC), £3.3 million for the Chief Constable of Cambridgeshire (CC) and £0.8 million for the Police Pension Fund. We re-assessed these using actual results for the financial year, which has resulted in no change for the Group and the PCC and decreased the amount to £3.2 million for the CC. The Pension Fund decreased slightly to £0.7 million.

The threshold for reporting audit differences has increased slightly from £79,000 to £81,000 based on the materiality for the PCC.

The basis of our assessment of materiality has remained consistent with prior years at 2% of gross revenue expenditure on services for the Group and the CC, 2% of gross assets for the PCC and 2% of benefits payable for the Police Pension Fund.

Status of the audit

We have substantially completed our audit of The Police and Crime Commissioner for Cambridgeshire's (Group and single entity) and The Chief Constable of Cambridgeshire's financial statements for the year ended 31 March 2017 and have performed the procedures outlined in our Audit plan. Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Group's and CC's financial statements in the form which appears at Section 3 - Audit Report. The outstanding items at the time of this report are:

- Review of the final version of the financial statements;
- Completion of subsequent events review;
- Completion of final review procedures; and
- Receipt of the signed management representation letter.



Executive Summary

Executive summary (continued)

Audit differences

There are no unadjusted audit differences arising from our audit.

We have identified three audit adjustments which have been corrected by management in the revised financial statements subject to approval. This is set out in Section 4.

We also identified disclosure adjustments which have also been corrected by management.

Areas of audit focus

Our Audit Plan identified key areas of focus for our audit of the Group's, the PCC and the CC's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Areas of Audit Focus" section of this report.

We ask you to review these and any other matters in this report to ensure:

- There are no other considerations or matters that could have an impact on these issues;
- You agree with the resolution of the issue; and
- There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the PCC, the CC and Joint Audit Committee.



Executive Summary

Executive summary (continued)

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Plan we did not identify any significant risks. However, we noted that HMIC reviewed Cambridgeshire Constabulary's effectiveness, efficiency & legitimacy (PEEL assessments) and that we would consider the results of these reports in our work.

We have no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Group, the PCC and the CC. We have no matters to report as a result of this work.

We have no other matters to report.

Control observations

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 and which is unknown to you.

During the audit we identified one observation for management's financial processes and controls which we have noted in Section 7.

Independence

Please refer to Appendix B for our update on Independence.



02 Areas of Audit Focus





Areas of Audit Focus

Audit issues and approach: Risk of fraud in revenue recognition

Risk of fraud in revenue and expenditure recognition

What are our conclusions?

We have not identified any evidence of manipulation from our testing of revenue recognition policies or material expenditure and income streams.

We have not identified any instances of management bias in significant accounting estimates.

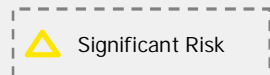
We have not identified any instances of material items of revenue being recorded in the incorrect period.

We have not identified any material misstatements from the incorrect capitalisation of expenditure items.

What is the risk?

Risk of fraud in revenue and expenditure recognition
Under ISA (UK and Ireland) 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. 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 manipulating expenditure recognition.

The potential for the incorrect classification of revenue spend as capital, as additions to property, plant and equipment, is a particular area where there is a risk of fraud in revenue recognition.



What did we do?

In order to address this risk we carried out a range of procedures including:

- Reviewing and testing revenue and expenditure recognition policies;
- Reviewing significant accounting estimates (e.g. valuations of property, plant and equipment and pensions) for evidence of management bias including a review of the methodology used to calculate the estimates at the year-end;
- Testing material revenue and expenditure streams;
- Reviewing and testing revenue cut-off at the period end date; and
- Testing the additions to the property, plant and equipment balance to ensure that they are properly classified as capital expenditure.

In undertaking our work we have considered the balances included in the Group's, the PCC's and the CC's financial statements that are the most susceptible to judgement or estimation techniques. Due to their significance on the financial statements we have included these estimates as higher inherent risk in our audit strategy and include a separate section to report on this below. The key estimates are considered to be:

- The valuation of Property, Plant and Equipment; and
- Valuation of pension liabilities.



Areas of Audit Focus

Audit issues and approach: Mid-year implementation of new finance system

Mid-year implementation of the new financial system

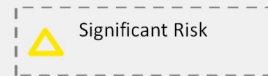
What are our conclusions?

We obtained sufficient and appropriate evidence to provide assurance that the accounts are not materially misstated.

Our IT team identified weaknesses in the approach to documenting the work done to support the transfer of data to the new system. We undertook additional work using the analytics data supplied to us to provide assurance that the data had been transferred completely and accurately to the new system.

What is the risk?

Mid-year implementation of new finance system
Cambridgeshire Constabulary implemented a new general ledger system, Advanced Financials v5.0 in January 2017. We consider the change of the main financial systems, mid-year, as a significant risk, as any errors in the transfer or input of data or in the calculations performed by the new system could result in a material misstatement in the financial statements.



What did we do?

In order to address this risk we carried out a range of procedures including:

- Reviewed the work carried out by Cambridgeshire Police to ensure that the data from the old system has been correctly migrated to the new system.
- Increased our combined risk assessment to reflect the risk and lowered our testing thresholds for the accounts which are affected. This means that we tested more transactions than previously to get the assurance that the data has been transferred correctly.
- Our IT team reviewed controls to assess whether a rely on controls would be appropriate, and to make observations and recommendations to improve controls to enable controls reliance in the future.
- We walked through the key controls in the new system for the significant classes of transaction which are affected.



Areas of Audit Focus

Audit issues and approach: Treatment of pension top-up grant from Home Office

Treatment of pension top-up grant from Home Office

What are our conclusions?

We obtained sufficient and appropriate evidence to provide assurance that the accounts are not materially misstated.

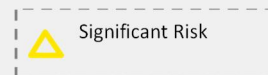
We identified that the PCC Comprehensive Income and Expenditure Statement showed the top fund correctly but the adjustment had not been made to the Group Comprehensive Income and Expenditure Statement. This has been amended by management.

What is the risk?

Treatment of pension top-up grant from Home Office
The PCC has shown the receipt of the top-up grant of £20.9m and the equal payment to the Police Pension Fund (PPF) as items that net off under Other Comprehensive Income & Expenditure.

However, the PCC does not make payments direct to the PPF, but via the CC accounts.

Therefore, adjustment to the accounts is required to amend this. There is no impact of these adjustments on the general fund balances. The revised treatment will require a prior year adjustment.



What did we do?

We tested the accounting transactions and journals to ensure the financial statements are materially accurate and compliant with the EY guidance and CIPFA Code of Practice.



Areas of Audit Focus

Audit issues and approach: Management override

Management override

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

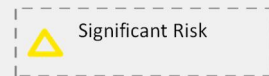
We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the normal course of business.

What is the risk?

Risk of management override

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.



What did we do?

In order to address this risk we carried out a range of procedures including:

- Testing the appropriateness of journal entries recorded in the general ledger (using our data analytics tool) and other adjustments made in preparing the financial statements;
- Reviewing significant accounting estimates (e.g. valuations of property, plant and equipment and pensions) for evidence of management bias including a review of the methodology used to calculate the estimates at the year-end; and
- Evaluating the business rationale for significant unusual transactions.

In undertaking our work on management override of controls we have considered the balances included in the Group's, the PCC's and the CC's financial statements that are the most susceptible to judgement or estimation techniques. Due to their significance on the financial statements we have included these estimates as higher inherent risk in our audit strategy and include a separate section to report on this below. The key estimates are considered to be:

- The valuation of Property, Plant and Equipment; and
- Valuation of pension liabilities.



Areas of Audit Focus

Audit issues and approach: Other financial statement risks

Presentation of the financial statements

What are our conclusions?

The work has been completed and we have found that:

- the disclosures were in line with the CIPFA Code;
- the general ledger has been re-mapped to reflect the Group's, the PCC's and the CC's organisational structure; and
- the restated comparative figures agreed to Cambridgeshire Police's segmental analysis and supporting working papers.

In particular it should be noted that the Expenditure and Funding Analysis (EFA), although positioned amongst them, is not a Primary Statement (consistent with the Code Guidance notes). As such, an additional narrative paragraph has been added to the EFA, to reflect this.

What is the risk?

Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the code) this year changing the way the financial statements are presented.

The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MiRS), and include the introduction of the new 'Expenditure and Funding Analysis' note as a result of the 'Telling the Story' review of the presentation of local authority financial statements.

The Code no longer requires statements or notes to be prepared in accordance with SeRCOP. Instead the Code requires that the service analysis is based on the organisational structure under which the authority operates. We expect this to show the Group's, the PCC's and the CC's segmental analysis.

This change in the code will require a new structure for the primary statements, new notes and a full retrospective restatement of impacted primary statements. The restatement of the 2015/16 comparatives will require audit review, which could potentially incur additional costs, depending on the complexity and manner in which the changes are made.

What did we do?

In order to address this risk we carried out a range of procedures including:

- Reviewing the expenditure and funding analysis, CIES and new disclosure notes to ensure disclosures are in line with the Code;
- Reviewing the analysis of how these figures are derived, how the ledger system has been re-mapped to reflect the Group's, the PCC's and the CC's organisational structure and how overheads are apportioned across the service areas reported; and
- Agreeing restated comparatives figures to the Group's, the PCC's and the CC's segmental analysis and supporting working papers.



Areas of Audit Focus

Audit issues and approach: Other financial statement risks (continued)

Property, plant and equipment valuations

What are our conclusions?

Following full consideration of their work, we have placed reliance on the PCC's valuer.

We have not identified any material issues in relation to the valuation of the PCC's Property, Plant and equipment.

We have no other matters to report.

What is the risk?

Property, Plant and Equipment represent a significant balance in the PCC's accounts and this is an area which involves judgemental inputs and estimates.

What did we do?

In order to address this risk we carried out a range of procedures including:

- Reviewing the competence and capability of the valuer and assessing their work, including reviewing the figures produced for the revaluation of the assets and ensuring that an appropriate basis for valuation has been used;
- Agreeing the figures produced by the valuer for the revaluation of the assets to the asset register; and
- Testing the accounting transactions for the adjustments made in the financial statements to ensure the accounts are materially accurate and compliant with the CIPFA Code of practice.



Areas of Audit Focus

Audit issues and approach: Other financial statement risks (continued)

Pension valuations and disclosures

What are our conclusions?

Assumptions used by the actuary and adopted by the PCC and CC are considered to be generally acceptable.

The sensitivities surrounding these assumptions have been correctly disclosed within the relevant notes to the financial statements.

What is the risk?

Cambridgeshire Police is an admitted body to the Cambridgeshire County Council Pension Fund. Hymans Robertson are the appointed actuaries for this fund and provide Cambridgeshire Police with the figures for the disclosures in the financial statements, based on payroll and pension data provided to them by Cambridgeshire Police.

The valuation of pension liabilities represents a significant balance in the financial statements and is an area which involves technical accounting transactions and estimates.

What did we do?

In order to address this risk we carried out a range of procedures including:

- Reviewing the competence and capability of the actuary and assessing their work, including reviewing the assumptions used as the basis for producing for pensions figures;
- Agreeing the figures produced by the actuary in their actuarial valuation to the disclosures in the financial statements; and
- Testing the accounting transactions and journals to ensure the financial statements are materially accurate and compliant with the CIPFA Code of practice.



Areas of Audit Focus

Other audit issues arising (continued)



Pension Valuations and Disclosures

The Local Authority Accounting Code of Practice and IAS19 require Cambridgeshire Police to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme (LGPS) administered by Cambridgeshire County Council.

The pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheet. At 31 March 2017 this totalled £1,482 million (£1,203 million at 31 March 2016).

The information disclosed is based on the IAS 19 report issued by the actuary to Cambridgeshire Police.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our approach has focused on:

- Liaising with the auditors of, Cambridgeshire Pension Fund, BDO, to obtain assurances over the information supplied to the actuary in relation to Cambridgeshire Police;
- Assessing the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Reviewing and testing the accounting entries and disclosures made within the financial statements in relation to IAS19.

The report from BDO highlighted that the market value of the total Pension Fund assets submitted to the actuary as at 31 December 2016 totalled £2,718 million. The actuary has then performed a roll forward technique to estimate the value of the scheme as at 31 March 2017 to be £2,838 million. Cambridgeshire Police's share of the assets has been reported as being £153 million, which equates to approximately 5.6%. BDO have reported that the actual scheme assets in the Cambridgeshire Pension Fund accounts are £2,814 million, a difference of £26.291 million. Hertfordshire Police's share of this is therefore approximately £1.2 million. The difference between the actuaries estimate and the year end actuals are approximately 0.8% of the asset values. No other significant matters were reported by BDO.

The assumptions used by the actuary have been reviewed by both PwC and our EY actuarial team who have both concluded that the assumptions and methodology used are considered to be appropriate. As the movement in the scheme assets is not material to Cambridgeshire Police, equates to a less than 1% variance, and forms part of an overall estimated balance, fed by a number of assumptions we have concluded that the estimate is considered to be reasonable.

No other issues have been identified in completing our work. Assumptions used by the actuary and adopted by the Council are considered to be generally acceptable. The sensitivities surrounding these assumptions have been correctly disclosed in the notes to the financial statements.



03 Audit Report



Draft audit report

We have included the proposed audit report wording for the Group and PCC financial statements. The wording for the CC financial statements follows the same basis.

Our opinion on the financial statements

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

Opinion on the Police and Crime Commissioner for Cambridgeshire's financial statements

We have audited the financial statements of the Police and Crime Commissioner for Cambridgeshire for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Police and Crime Commissioner for Cambridgeshire and the Group Movement in Reserves Statements;
- Police and Crime Commissioner for Cambridgeshire and the Group Comprehensive Income and Expenditure Statements;
- Police and Crime Commissioner for Cambridgeshire and the Group Balance Sheets;
- Police and Crime Commissioner for Cambridgeshire and the Group Cash Flow Statements;
- Police and Crime Commissioner for Cambridgeshire Pension Fund Account Statements; and
- the related notes 1 to 35 and the Expenditure and Funding Analysis to the Police and Crime Commissioner and Group's Accounts.

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 2016/17.

This report is made solely to the Police and Crime Commissioner for Cambridgeshire 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 Cambridgeshire for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer to the Police & Crime Commissioner for Cambridgeshire and auditor

As explained more fully in the *Statement of Responsibilities* set out on page 17, the Treasurer to the Police & Crime Commissioner for Cambridgeshire 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 2016/17, 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.



Audit Report

Draft audit report (continued)

Our opinion on the financial statements

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 Cambridgeshire and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer to the Police & Crime Commissioner for Cambridgeshire; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the *Statement of Accounts for the PCC for Cambridgeshire Group and PCC 2016/17* 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 Cambridgeshire and Group as at 31 March 2017 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 2016/17.

Opinion on other matters

In our opinion, the information given in the *Statement of Accounts for the PCC for Cambridgeshire Group and PCC 2016/17* 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 Police and Crime Commissioner for Cambridgeshire and the Chief Constable of Cambridgeshire Group ;
- 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.



Audit Report

Draft audit report (continued)

Our opinion on the financial statements

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 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 Police and Crime Commissioner 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 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 Authority'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 2016, as to whether the Police and Crime Commissioner for Cambridgeshire 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 Cambridgeshire put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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 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 2016, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Cambridgeshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the accounts of Cambridgeshire Police and Crime Commissioner 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.



04

Audit Differences



Audit Differences

Audit differences

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

Summary of adjusted differences

We highlight the following misstatements in the financial statements that are greater than the threshold for reporting audit differences of £150,000, which we identified during the audit. These have been corrected by management:

- £1,362,924 accrual and compensating accrued income related to Home Office grant identified as excluded in the 2016/17. The net effect is nil.
- £740,000 reclassification from Assets Under Construction (AUC) to operational assets. This amendment was agreed after we asked the finance team to review the classification of items such as IT projects included as AUC. Following a review of assets classified as AUC, it was agreed that assets amounting to £740k did not meet the definition of AUC.

We identified a number of text and disclosure misstatements in the notes to the financial statements during the audit that have been updated by management in the financial statements. We do not deem any of these to be so significant that they require reporting to you.

Summary of unadjusted differences

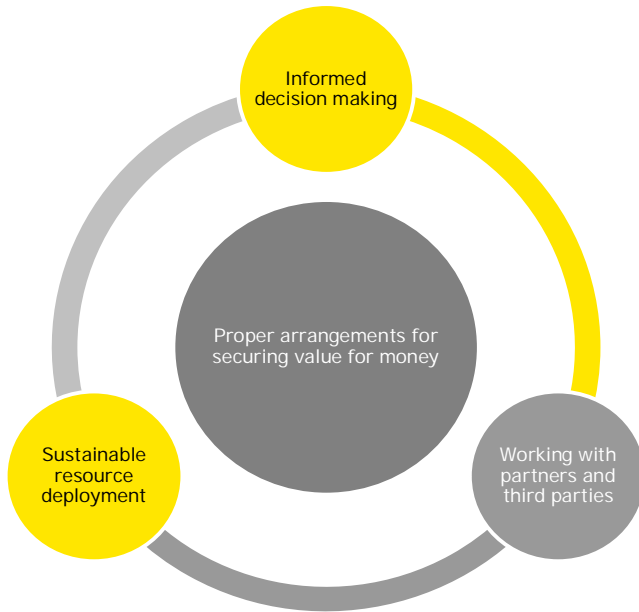
- There are no unadjusted differences that require reporting to you.



05 Value for Money



Value for Money



Economy, efficiency and effectiveness

We must consider whether you have 'proper arrangements' to secure economy, efficiency and effectiveness in your 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.

In considering your proper arrangements, we use the CIPFA/SOLACE framework for local government to ensure that our assessment is made against an already existing mandatory framework which you use in documents such as your Annual Governance Statement.

Overall conclusion

We did not identify any significant risks around these arrangements. We noted that HMIC reviewed Cambridgeshire Constabulary's effectiveness, efficiency & legitimacy (PEEL assessments) and that we would consider the results of these reports in our work

Having completed our work, we do not expect to have any matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.

We anticipate reporting that, in all significant respects, the Group, the PCC and the CC put in place proper arrangements to secure economy, efficiency and effectiveness in your use of resources.



06

Other reporting issues



Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2016/17 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

We have reviewed the Annual Governance Statement and Narrative Report and can confirm they are consistent with other information from our audit of the financial statements and we have no other matters to report.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the PCC, the CC and the Joint Audit Committee to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014.

We did not identify any issues.



Other reporting issues

Other reporting issues

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, is specified by the National Audit Office.

We have no issues to raise. .

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Group's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group Audits.

We have no such matters to report.

We have requested a management representation letter to gain management's confirmation in relation to a number of matters. Appendix D sets out our request for these representations.



07

Assessment of Control Environment



Assessment of Control Environment

Assessment of control environment

Assessment of control environment

It is the responsibility of the Group 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 Group has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

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

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. However, we are bringing to your attention issues identified from our ERP implementation review.

Implementation of Advanced Financials 5.0

Bedfordshire, Cambridgeshire and Hertfordshire (BCH) Police implemented the Advanced Financials V5.0 system to replace a number of different systems used within each county. Cambridgeshire migrated in 2016/17. Bedfordshire and Hertfordshire have migrated in 2017/18.

Advanced Financials V5.0 will support a number of key business processes which are considered significant for the financial statement audit of the group. The programme risk management (PRM) work was performed to gain assurance that the implementation was adequately managed and incorporated key controls and considerations relating to the financial statements reporting process. We also tested the IT general controls (ITGCs) of Advanced Financials V5.0 with a view to identify any potential gaps for remediation, so that reliance could be placed on the system next year, in order to support a controls approach and the audit of entities that will be using the system.

The work completed by our IT team identified weaknesses in the documentation retained to support the data migration from Integra to eFinancials.

We also reviewed the IT general controls in eFinancials covering, manage access, manage change and manage operations. We have prepared a separate report where we have noted observations for management to consider and which we will be brought to members of the Joint Audit Committee at a later meeting.

Due to the weaknesses identified in the documentation supporting migration, we plan to undertake additional data analytics testing to ensure that the financial data transferred (for the in-scope SCOTS) were materially accurate and complete to support our 2017/18 audit of the financial statements.

The work completed by our IT team identified weaknesses in the documentation retained to support the data migration from Integra to eFinancials. We therefore undertook additional data analytics testing to ensure that the financial data transferred (for the in-scope SCOTS) were materially accurate and complete to support our opinion on the 2016/17 financial statements.






08 Appendices



Appendix A

Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have done this by:

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Joint Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, including any limitations.	March 2017 Audit Plan
Significant findings from the audit	<ul style="list-style-type: none"> • Our view of the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Any significant difficulties encountered during the audit • Any significant matters arising from the audit that were discussed with management • Written representations we have requested • Expected modifications to the audit report • Any other matters significant to overseeing the financial reporting process 	September 2017 Audit Results Report
Going concern	<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 together to raise any doubt about the Group's, the PCC's or the CC's ability to continue for the 12 months from the date of our report.
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Significant corrected misstatements, in writing 	September 2017 Audit Results Report



Appendix A



Our Reporting to you

Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> ▶ Asking the Joint Audit Committee whether they have knowledge of any actual, suspected or alleged fraud affecting the Group ▶ Unless all those charged with governance are involved in managing the entity, any fraud identified or information obtained indicating that a fraud may exist involving: <ul style="list-style-type: none"> (a) management; (b) employees with significant roles in internal control; or (c) others where the fraud results in a material misstatement in the financial statements. ▶ A discussion of any other matters related to fraud, relevant to Joint Audit Committee responsibility. 	We have asked management and those charged with governance about arrangements to prevent or detect fraud. We have not become aware of any fraud or illegal acts during our audit.
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, where 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/or regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	We have no matters to report
Subsequent events	<ul style="list-style-type: none"> ▶ Where appropriate, asking the Joint Audit Committee whether any subsequent events have occurred that might affect the financial statements. 	We have asked management and those charged with governance. We have no matters to report.
Other information	<ul style="list-style-type: none"> ▶ Where material inconsistencies are identified in other information included in the document containing the financial statements, but management refuses to make the revision. 	September 2017 Audit Results Report
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ We were unable to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations



Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Consideration of laws and/or regulations	<ul style="list-style-type: none"> ▶ Audit findings of non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on "tipping off" ▶ Asking the Joint Audit Committee about possible instances of non-compliance with laws and/or regulations that may have a material effect on the financial statements, and known to the Joint Audit Committee. 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	September 2017 Audit Results Report
Independence	<p>Communication of all significant facts and matters that have a bearing on EY's objectivity and independence.</p> <p>Communicating 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 on the firm's general policies and processes for maintaining objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity or independence and the appropriateness of safeguards,</p>	<p>March 2017 Audit Plan</p> <p>September 2017 Audit Results Report</p>
Fee Reporting	<p>Breakdown of fee information when the Audit Plan is agreed</p> <p>Breakdown of fee information at the completion of the audit</p> <p>Any non-audit work</p>	<p>March 2017 Audit Plan</p> <p>September 2017 Audit Results Report</p>



Appendix B

Independence

We confirm that there are no changes in our assessment of independence since our confirmation in our audit plan dated March 2017.

We complied with the APB Ethical Standards and the requirements of the 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 consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Joint Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Joint Audit Committee on 27 September 2017.

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2017.

*We have undertaken additional audit work to support our 2016/17 opinion and value for money conclusion related to the ERP implementation. The proposed fee for Cambridgeshire which has been discussed and agreed with the CFO (but to be agreed with PSAA) is £19,000. The final fee is therefore yet to be determined.

We confirm that we have not undertaken any non-audit work outside the PSAA Code requirements.

Description	Final fee 2016/17 £'s	Planned Fee 2016/17 £'s	Scale Fee 2016/17 £'s	Final Fee 2015/16 £'s
PCC Audit Fee – Code work	30,338	30,338	30,338	30,338
CC Audit Fee – Code work	15,000	15,000	15,000	15,000
Additional fee re IT implementation	19,000*	19000	n/a	n/a
Total Audit Fee – Code work	64,338*	64,338	45,338	45,338





Appendix C

Accounting and regulatory update



Accounting update

Since the date of our last report to the Joint Audit Committee, new accounting standards and interpretations have been issued. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures 	Impact on Cambridgeshire Police 
<i>IFRS 9 Financial Instruments</i>	<p>Applicable for local authority accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> • How financial assets are classified and measured; • How the impairment of financial assets are calculated; • Financial hedge accounting; and • The disclosure requirements for financial assets. <p>• Transitional arrangements are included within the accounting standard, however as the 2018/19 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be and whether any accounting statutory overrides will be introduced to mitigate any impact.</p>	<p>Although some initial thoughts on the approach to adopting IFRS 9 have been issued by CIPFA, until the Code is issued and any statutory overrides are confirmed there remains some uncertainty. However, what is clear is that the Group will have to:</p> <ul style="list-style-type: none"> • Reclassify existing financial instrument assets; • Remeasure and recalculate potential impairments of those assets; and • Prepare additional disclosure notes for material items.
<i>IFRS 15 Revenue from Contracts with Customers</i>	<p>Applicable for local authority accounts from the 2018/19 financial year. This new standard deals with accounting for all contracts with customers except:</p> <ul style="list-style-type: none"> • Leases; • Financial instruments; • Insurance contracts; and • Council Tax and NDR income. <p>The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p> <ul style="list-style-type: none"> • There are transitional arrangements within the standard; however as the 2018/19 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be. 	<p>As with IFRS 9, some initial thoughts on the approach to adopting IFRS 15 have been issued by CIPFA. However, until the Code is issued there remains some uncertainty. However, what is clear is that for all material income sources from customers the Group will have to:</p> <ul style="list-style-type: none"> • Disaggregate revenue into appropriate categories; • Identify relevant performance obligations and allocate income to each; and • Summarise significant judgements.



Appendix C


Name	Summary of key measures 	Impact on Cambridgeshire Police 
<i>IFRS 16 Leases</i>	<p>IFRS 16 will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease in a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard, although as the 2019/20 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be or whether any statutory overrides will be introduced.</p>	<p>Until the 2019/20 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, what is clear is that the Group will need to undertake a detailed exercise to classify all of its leases and therefore must ensure that all lease arrangements are fully documented.</p>



Appendix C

Regulatory update

Since the date of our last report to the Joint Audit Committee, there have been regulatory developments. The following table provides a high level summary of those that could have the most significant impact on you:



Name	Summary of key measures 	Impact on Cambridgeshire Police
<i>Policing and Crime Act 2017</i>	<p>The key measures summarised here are those that are likely to have implications for the audit of the financial statements and the VFM conclusion:</p> <ul style="list-style-type: none"> • Increase in emergency services collaboration between police bodies, ambulance and fire and rescue services • Provision for Police and Crime Commissioner (PCC) to act as the Fire and Rescue Authority 	<ul style="list-style-type: none"> • Powers introduced to allow increased collaboration between emergency services • Powers that allow the PCC to act as Fire and Rescue Authority with a variety of governance and accounting structures resulting. • The Police and Crime Commissioner for Cambridgeshire have consulted on a business case to create a governance model and become a corporate sole for the Fire and Rescue Authority. • We have considered the arrangements the PCC has put in place to date to develop the business case and undertake the consultation exercise. We are satisfied that the PCC has taken the appropriate steps relevant to its roles and responsibilities at this stage. • In the event that there is approval for a governance change, we will use our 2017/18 Value for Money conclusion to examine carefully the arrangements to secure a smooth and effective transition, as well as the completeness and adequacy for strategy, financial management, reporting and risk management purposes of judgements made on the disaggregation of assets, liabilities, income, expenditure, contractual obligations, oversight and scrutiny.



Appendix C

Progress report on implementation of new standards and regulations

In previous reports to the Joint Audit Committee, we highlighted the issue of new accounting standards and regulatory developments. The following table summarises progress on implementation:

Name	Summary of key measures 	Impact on Cambridgeshire Police 
<i>Earlier deadline for production and audit of the financial statements from 2017/18</i>	The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>To prepare for this change the Group has reviewed and amended the closedown process over the last year to achieve draft accounts production by 31 May 2017 for 2016/17.</p> <p>As auditors, nationally we have:</p> <ul style="list-style-type: none"> • Issued a thought piece on early closedown • As part of the strategic Alliance with CIPFA jointly presented accounts closedown workshops across England, Scotland and Wales, with sector specific events for Police) • Presented at CIPFA early closedown events and on the subject at the Local Government Accounting Conferences in July 2017 <p>Locally we have agreed with management areas for early work which have included testing of major income and expenditure streams at month nine.</p>



Appendix D - Request for a Management representation letter

Note - We have included our request to the PCC – the request to the CC mirrors this letter.

Office of the Police & Crime Commissioner for Cambridgeshire- 2016/17 financial year
Request for a letter of representation

This letter of representations is provided in connection with your audit of the financial statement of the Office of the Police and Crime Commissioner for Cambridgeshire (“the Group and PCC” for the year ended 31 March 2017).

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and council financial statements give a true and fair view of the Group and Council financial position of the Office of the Police and Crime Commissioner for Cambridgeshire as of 31 March 2017 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and for the Council, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and PCC the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17
2. That we acknowledge, as members of management of the Group and PCC, our responsibility for the fair presentation of the consolidated and council financial statements. We believe the consolidated and PCC financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and are free of material misstatements, including omissions. We have approved the consolidated and PCC financial statements.
3. That the significant accounting policies adopted in the preparations of the financial statements are appropriately described in the financial statements
4. As members of management of the PCC, we believe that the PCC 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 2016/17 that are free from material misstatement, whether due to fraud or error.¹

¹ ISA (UK and Ireland) 210.6(b)(ii)



Appendix D - Request for a Management representation letter

5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and council financial statements taken as a whole. Please see Appendix A

B. Fraud

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

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 and council financial statements.

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in the terms of the audit engagement.
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the consolidated and single entity financial statements.
3. We have made available to you all minutes of the meetings of the PCC, and relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: xx xx 2017.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and PCC 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 and council financial statements.



Appendix D - Request for a Management representation letter

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 Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
- E. Liabilities and Contingencies
1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and 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, and have disclosed in the consolidated and single entity financial statements all guarantees that we have given to third parties.
- F. Subsequent Events
1. That other than described in the relevant note to the group and PCC's financial statements, there have been no events subsequent to year end which require adjustment of or disclosure in the consolidated and single entity financial statements or notes thereto.
- G. Accounting Estimates
1. That we believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
 2. In respect of accounting estimates recognized or disclosed in the financial statements:
 - That we believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
- H. Group audits
1. That the necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst PCC, subsidiary undertakings and associated undertakings.
- I. Expenditure Funding Analysis



Appendix D - Request for a Management representation letter

1. That we have reviewed the new requirements (as set out in the CIPFA LASAAC code of practice on Local Authority Accounting in the United Kingdom 2016/17), in relation to the preparation of the Expenditure Funding Analysis to replace the previous segmental reporting analysis, and confirm that all required amendments to the comprehensive Income and Expenditure Statement and Movement in Reserves Statement, as well as the requirements to prepare Expenditure Funding Analysis and related notes have been correctly reflected in the financial statements, including retrospectively reflecting this in the financial statement.
2. We confirm that the financial statements reflect the operating segments reported internally to the PCC.

J. Going Concern

That we have made you aware of any issues that are relevant to the Group and PCC's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

K. Ownership of Assets

1. That except for assets capitalised under finance leases, the Group and PCC has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Group and PCC asset, nor has any asset been pledged as collateral. All assets to which the Group and Council has satisfactory title appear in the balance sheet(s).

L. Reserves

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

M. Valuation of Property, Plant and equipment Assets

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 CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17
2. We confirm that the significant assumptions used in making the valuations of assets appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the consolidated and PCC 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 2016/17.
4. We confirm no adjustments are required to the accounting estimate(s) and the disclosures in the consolidated and PCC financial statements due to subsequent events.
5. We confirm that you have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially mistreated.
6. We confirm that for assets carried at historic cost, that no impairment is required.



Appendix D - Request for a Management representation letter

N. Retirement benefits

1. That 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.

O. Other Information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2016-2017.
2. We confirm that the content contained within the other information is consistent with the financial statements

P. Specific Representations

1. We do not require any specific representations in addition to those above

Yours faithfully,

(Chief Financial Officer/Finance Director)

(Police and Crime Commissioner for Cambridgeshire)

(Chairman of the Audit Committee)

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ED None

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