



# Annual Audit Letter 2016/17

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

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October 2017

# Contents

## Report sections

Summary 3

## Appendices

1. Summary of reports issued 6

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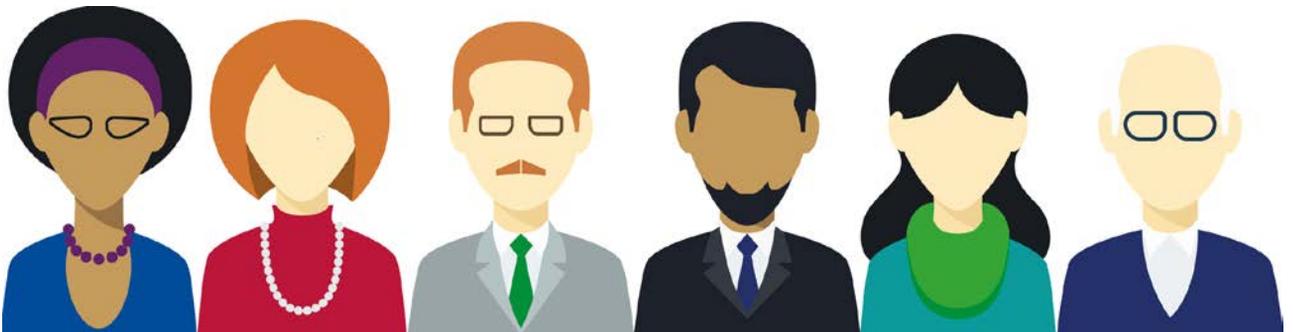
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## Section one

# Summary

This Annual Audit Letter summarises the outcome from our audit work at:

- Police and Crime Commissioner for South Yorkshire; and
- Chief Constable of South Yorkshire

in relation to the 2016/17 audit year.

This is intended to communicate key messages to key external stakeholders, including members of the public and should be placed on the website for both organisations.



### VFM conclusion

We issued an unqualified VFM conclusion on both:

- Police and Crime Commissioner for South Yorkshire (PCC); and
- Chief Constable of South Yorkshire (Chief Constable)

on 28<sup>th</sup> September 2017.

This means we are satisfied that during the year both organisations had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

To arrive at our conclusion we looked at the arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

### VFM risk areas

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 that had been put in place to mitigate these risks.

Our work identified the following significant matters for both organisations:

#### - Financial resilience

The Force has a medium term resources plan which is arithmetically accurate, and includes sensible assumptions given current expectations of government policy and economic performance. The plan requires savings plans to be identified in 2018/19 and beyond, as has been routine planning over the period of austerity.

Performance in 2016/17, and in year to date, indicates that current and historic savings plans have successfully over delivered planned savings, on both a recurring and non-recurring basis, which indicates that plans will remain successful in future years.

While legacy issues remain the most significant risk facing the Force, and would likely be unaffordable if the full financial burden fell on it, the Force led by the PCC's team maintains an active dialogue with the Home Office to keep them updated on actual and forecast liabilities, and the need for ongoing support from central government to allow the Force to continue to deliver an appropriate policing service to the people of South Yorkshire.

#### - Peel inspections

The HMIC's annual PEEL assessment concluded that in all three areas of the review, effectiveness, efficiency and legitimacy, South Yorkshire Police 'requires improvement'. It is only one of two forces in England and Wales with this score across all three strands of the PEEL assessment framework, although other forces do have one or two strands assessed as 'requires improvement' or 'inadequate'.

## Section one

We reviewed the reports produced by the HMIC, and the action plan developed by the Force to address these concerns. We found that the action plan did address each of the 'causes of concern' and the 'areas for improvement' identified by HMIC. Each had been allocated a member of the senior command team to own the action, and a more junior officer to manage this day to day. We saw evidence that the action plan was being regularly reviewed and updated by the responsible individuals under the supervision of the Deputy Chief Constable. Of the 31 actions identified by HMIC, 11 of these have now been completed (with 10 of these closed by HMIC), and substantial progress has been made on the other 21.

Our work identified the following significant matter for the Chief Constable:

### - **Child Sexual Exploitation**

The Jay Report published in August 2014 identified the potential scale of sexual offences committed against children in the Rotherham area of South Yorkshire since 1997. HMIC reports identified a number of significant weaknesses in the Force's arrangement to identify and properly address these offences, and as a consequence the VFM Conclusion for the Chief Constable has been qualified on these grounds for the last three years. In 2015/16, we concluded that the arrangements put in place by 31 March 2016 were adequate, but the Conclusion remained qualified as these had not been in place for the full 12 months.

Given the evidence obtained last year from the Professor Drew report that the arrangements put in place by March 2016 were adequate, we have reviewed the HMIC work undertaken in respect of PEEL during 2016/17. While a number of concerns were raised by the HMIC, these did not relate to child sexual exploitation, and indeed positive comments were provided by HMIC in their reports regarding the approach of the Force to that aspect of its work. As such, we believe that we have seen sufficient evidence from independent review agencies that the Force does have the appropriate arrangements in place to address CSE in 2016/17.

Our work identified the following significant matter for the Police and Crime Commissioner:

### - **Judicial review**

On 9 June 2017 the High Court declared that the Police and Crime Commissioner had acted unlawfully when making the decision to require former Chief Constable Crompton to retire or resign. We recognise that the PCC lost the judicial review brought by the former Chief Constable, David Crompton, regarding his removal as Chief Constable. The Judicial Review identified four key decision points, and the High Court found that on all four occasions, the PCC had acted unlawfully. The four key decision points were:

1. the decision to suspend the Chief Constable on 27 April 2016;
2. the decision to continue the resignation process following the receipt of the HMCIC letter on 4 July 2016;
3. the decision to continue with the process after receiving the Chief Constable's representations on 15 August 2016; and
4. the final decision to require the Chief Constable to resign on 29 September 2016

Whilst clearly this judicial review decision does relate to decision making, which is a key requirement of the VFM criteria, we also recognise the circumstances over this particular issue are unique and not indicative of the normal decision making processes within the PCC. Therefore on that basis we are satisfied there is no impact on our VFM conclusion.

### **Audit opinion**

We issued an unqualified opinion on the financial statements of both organisations on 28th September 2017. This means that we believe the financial statements give a true and fair view of the financial position and of expenditure and income for the year. The financial statements also include those of the Group, which consists of the Police and Crime Commissioner for South Yorkshire and the Chief Constable of South Yorkshire

## Section one

### Financial statements audit

Our audit identified one significant audit difference affecting the primary statements. This relates to the accounting for the local government pension schemes, and the different locations where elements of the annual charge appear in the accounts. This has not affected the bottom line of the General Fund, but has changed the values used to calculate that number. This had a value of £571,000 and was corrected in the final financial statements.

The PCC and CC have strengthened their financial reporting by finalising the accounts in a shorter timescale. This puts them in a good position to meet the new 2017/18 deadline. Nonetheless, there is scope to improve the process further with a more detailed Accounts Audit Protocol which is more explicit in setting out the format we would like information to be produced in.

### Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We asked the PCC to make reference in the Narrative Statement and Annual Governance Statement to the Judicial Review judgement announced in June 2017. Following these amendments we concluded that they were consistent with our understanding.

### Whole of Government Accounts

We reviewed the consolidation pack which the PCC 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 following the amendments that we recommended.

### Certificate

We issued our certificate on 28<sup>th</sup> September 2017. The certificate confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

### Audit fee

Our fees for 2016/17 for both the PCC and CC are identified below in comparison to the respective fees for 2015/16. Our fees include additional fee, which is subject to PSAA approval, regarding the additional work we have had to conclude on the VFM conclusion.

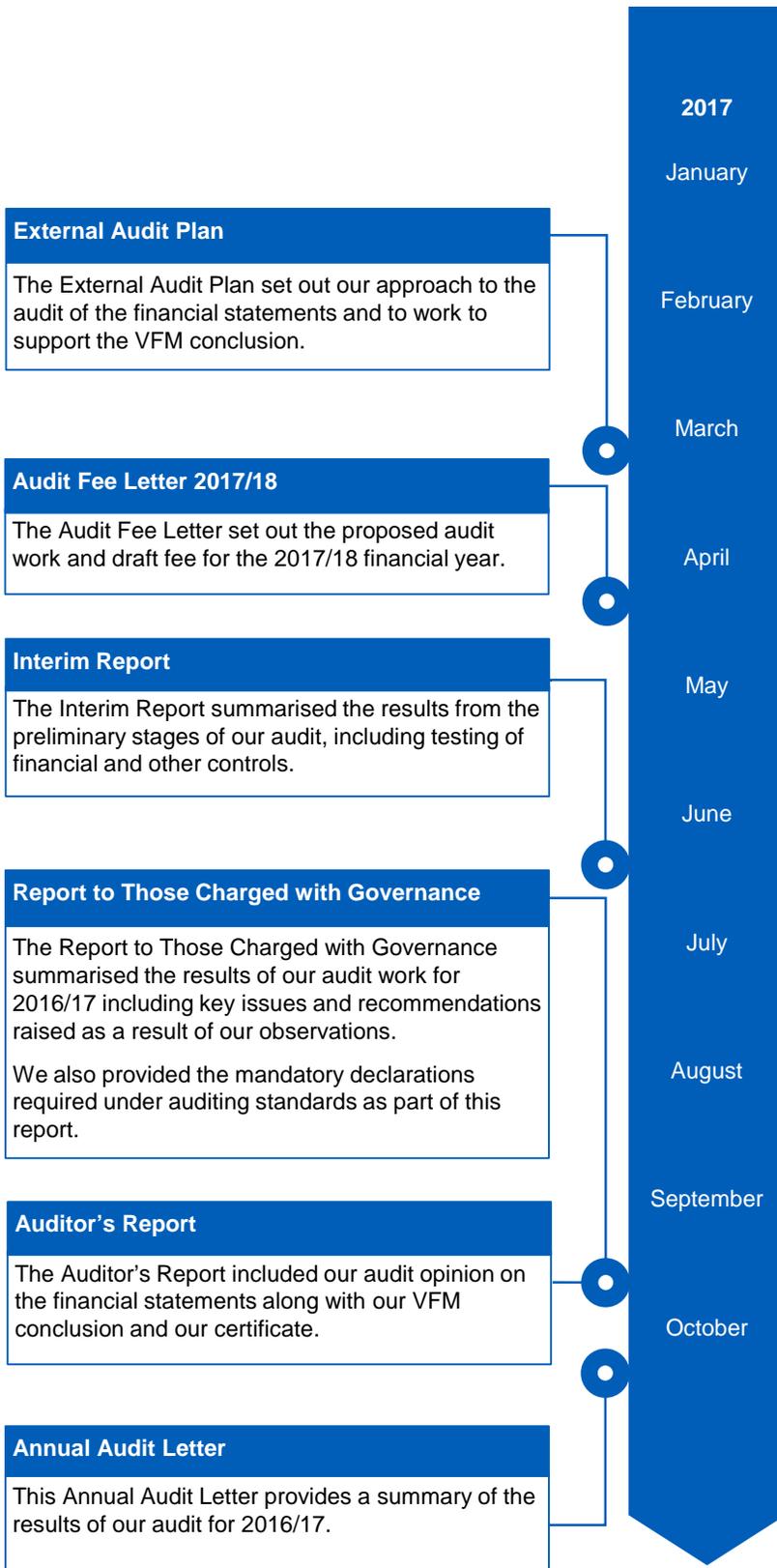
We note we have not provided any non-audit services to either the PCC or CC.

Audit fees				
Component of audit	2016/17 £		2015/16 £	
	PCC	CC	PCC	CC
<b>Accounts opinion and use of resources work</b>				
PSAA scale fee	39,143	18,750	39,143	18,750
Additional work to conclude our VFM conclusion work (subject to PSAA approval)	3,891	1,103	-	1,159
<b>Total audit fees</b>	<b>43,034</b>	<b>19,853</b>	<b>39,143</b>	<b>19,909</b>

## Appendix 1

# Summary of reports issued

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



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