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30 July 2019

Dear Sirs

Update/conclusion of pending matters– audit completion report

As required by International Standards on Auditing (UK), I am writing to communicate an update on those matters that were marked as outstanding within our Audit Completion Report dated 21 July 2019.

The outstanding matters and the conclusions we reached are detailed below:

Matter	Update/conclusion reached	Status
Related Party Transactions	We have completed our work on this area and have no further matters we need to report to you.	Complete
Movement in Reserves Statement and Expenditure and Funding Analysis	We have completed our work on this area. The summary table in Note 30 for the pension reserve has been updated to ensure it is internally consistent with other areas of the financial statements.	Complete
Payroll testing	We have completed our work on this area and have no further matters we need to report to you.	Complete
Exit Packages	We have completed our work on this area and have no further matters we need to report to you.	Complete
Cash Flow Statement	We have completed our work on this area and have no further matters we need to report to you.	Complete

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Matter	Update/conclusion reached	Status
Property Plant and Equipment	We have completed our work on this area and have no further matters we need to report to you.	Complete
Debtors	We have completed our work on this area and have no further matters we need to report to you.	Complete
Cash and Cash Equivalents	We have completed our work on this area and have no further matters we need to report to you.	Complete
Pensions	<p>We have completed our work on this area.</p> <p>There have been some non-material amendments to the disclosure notes to ensure the information in the financial statements are consistent with the actuary's report.</p> <p>We have received our assurance letter from the East Riding of Yorkshire Pension Fund Auditor. This has provided us with the information we sought.</p> <p>We identified one non-material issue – the benefits paid to pensioners per the actuary report was £4,275k. The data held by East Riding of Yorkshire Pension Fund shows benefits paid of £2,634k. The difference is not material and thus no amendment has been made to the financial statements. We have confirmed the actuary uses an estimation technique for benefits paid, and not the data held by the pension fund. There is no net impact on the pension liability.</p> <p>As the pension fund information is more accurate, we recommend that you ask the East Riding of Yorkshire Pension Fund to provide this information to the actuary in future so that it can be used as the basis for estimating benefits paid in the actuary's report.</p> <p>Our work has identified, for the Local Government Pension Scheme, one actuary report is obtained, covering both the PCC and CC. An allocation is then made in the financial statements based on pension contributions.</p> <p>In future years, we recommend the PCC and CC obtain separate actuary reports to ensure the data is as accurate as possible.</p>	Complete

Matter	Update/conclusion reached	Status
Financial Instruments	<p>We have completed our work on this area.</p> <p>The Accounting Policies in relation to financial instruments have been updated to reflect the impact of IFRS 9, and to confirm the impact on the financial statements is minimal.</p>	Complete
Police Pension Fund Account	We have completed our work on this area and have no further matters we need to report to you.	Complete
Provisions	We have completed our work on this area and have no further matters we need to report to you.	Complete
Review and closure processes, including checking the amended version of the financial statements produced by finance as a result of our audit.	<p>We have completed our work on this area.</p> <p>There have been some minor amendments to the financial statements to improve the presentation of them.</p> <p>The audit fee note has been updated.</p>	Complete

Summary of misstatements

For completeness, I attach a final summary of misstatements as Appendix A to this letter. All changes between the Audit Completion Report and the final position are highlighted in red.

If you wish to discuss these or any other points then please do not hesitate to contact me.

Yours faithfully

Gavin Barker

Gavin Barker
Director

Appendix A – Summary of misstatements

The issues arising between the issue of the Audit Completion Report on 21 July 2019 and the completion of our work are highlighted in red.

We set out below the misstatements identified for adjustment during the course of the audit, above the trivial threshold of £134k.

Adjusted misstatements 2018/19

	Comprehensive Income and Expenditure Statement and MIRS		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Re-measurements of the net defined benefit liability Cr: Expenditure - Cost of Services Expenditure	59,880 59,880		
	This is to remove the pension costs from cost of services expenditure to the pension liability.			
2	Dr: Pension Reserve Cr: Pension Liability Dr: Non distributed costs Cr: Adjustments between accounting basis and funding basis	94,838 94,838	94,838	94,838
	This adjustment reflects the amendments required for the Police Pension Scheme and LGPS in respect of the McCloud and GMP ruling.			
3	Dr: Pension Reserve Cr: Pension Liability Dr: Re-measurement of the net defined benefit liability Cr: Adjustments between accounting basis and funding basis	4,173 4,173	4,173	4,173
	This reflects the change in valuation of the pension scheme at 31 st March 2019.			
4	Dr: Short Term Borrowing Cr: Long Term Borrowing		247	247
	This reflects a payment of £247k made to PWLB on 31 st March – which was deducted from the Long term borrowing element of PWLB instead of the short term.			
5	Dr: Taxation and Non specific grant income Cr: Expenditure - cost of services	1,845 1,845		
	To adjust the accounts for the amount of Police Pensions Top Up grant funded by the PCC, which was originally shown as funded from the Home Office			
6	Dr: Pensions prepayments (2017/18) Cr: Pensions debtors (2017/18) Dr: Pensions – expenditure Cr: Prepayments Dr: Prepayments Cr: Pensions – expenditure Dr: Pension grant income Cr: Debtors	4,063 4,063 4,325 262	4,063 4,063 4,325	4,063 262
	This reflects the pensions payment made in March, which relates to April, which has not been shown as a prepayment			

Disclosure amendments

During our review of the financial statements we have identified amendments to disclosures. The PCC and CC have agreed to make these amendments:

- The PCC cash flow statement has been amended to use '(Surplus) or Deficit on Provision of Services' figure of £124,129k used as the starting point instead of 'Total Comprehensive Income and Expenditure (Surplus)/Deficit' of £130,275k.
- PCC creditors and debtors which were incorrectly removed as part of the consolidation process (£4,140k) have now been included.
- The Accounting policy for expenses has been updated to include the de-minimis levels of £10k for accruals.
- The Accounting Policy for PPE has been updated for the useful lives of buildings to reflect the useful lives as assessed by the valuer.
- The pension disclosure notes have had some minor amendments to ensure it agrees to the detail in the report provided by the actuary
- The audit fee has been updated to reflect the fee charged by Mazars, as per the Mazars audit fee letter.
- The summary table in Note 30 for the pension reserve has been updated to ensure it is internally consistent with other areas of the financial statements.
- The Accounting Policy in relation to financial instruments have been updated to reflect the impact of IFRS 9, and to confirm the impact on the financial statements is minimal.
- The Accounting Policy in relation to revenue has been updated to reflect the impact of IFRS 15, and to confirm the impact on the financial statements is minimal.