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This report is addressed to the Police & Crime Commissioner (PCC) and Chief Constable (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. The Audit Commission 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 Appointment’s website (www.psaa.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 Darren Gilbert, the engagement lead to the PCC and CC, 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, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@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, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.
This report summarises the key findings from our 2014/15 audit of the Police and Crime Commissioner for Dorset and the Chief Constable for Dorset (the PCC and CC).

Although this letter is addressed to the PCC and CC, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the 2014/15 financial statements and the 2014/15 VFM conclusions.

| VFM conclusion | We issued unqualified conclusions on the PCC and CC’s arrangements to secure value for money for 2014/15 on 30 September 2015. This means we are satisfied that that the PCC and CC had proper arrangements for securing financial resilience and challenging how they secure economy, efficiency and effectiveness. To arrive at our conclusions we looked at the PCC and CC’s financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity. |
| 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 you have put in place to mitigate these risks. Our work focussed on the general arrangements made by the PCC and CC, with specific further work undertaken on the strategic alliance with the Devon & Cornwall Police and Crime Commissioner and Chief Constable. Our work identified no significant matters to report. |
| Audit opinion | We issued unqualified opinions on the PCC and CC’s financial statements on 30 September 2015. This means that we believe the financial statements give a true and fair view of the financial position of the PCC and CC and of their expenditure and income for the year. The financial statements consist of the CC statutory accounts and the consolidated financial statements of the PCC and CC. |
| Financial statements audit | Our audit of the 2014/15 financial statements identified three audit adjustments with a total value of £43.3 million. One adjustment remained unquantified, however the net impact on both income and expenditure, and reserves, would be expected to be £nil. The impact of these adjustments was to decrease the deficit on provision of services for the year by £41.5 million. This adjustment was a reclassification within the Comprehensive Income & Expenditure account, and did not impact on the general fund balance or the net revenue expenditure for the year. The impact of these adjustments on the balance sheet was to decrease current assets by £1.8m and decrease creditors by £1.8m. We identified a significant financial statements audit risk during our 2014/15 audit fieldwork in relation to the valuation of property. From our audit work, we concluded that the value of property was not materially misstated. However, we recommended that management considers the accounting policy and in particular the frequency of valuation for its property portfolio. There were no high priority recommendations raised in respect of our 2013/14 audit on which we were required to follow up during this year’s audit work. |
### Section one

#### Headlines (continued)

All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

| Annual Governance Statement | We reviewed your *Annual Governance Statement* and concluded that it was consistent with our understanding. |
| Whole of Government Accounts | The PCC and CC prepare a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the PCC and CC fall below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office. |
| Certificate | We issued our certificate on 30 September 2015. The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the *Audit Commission Act 1998* and the Audit Commission’s *Code of Audit Practice*. |
| Audit fee | Our fee for 2014/15 for the PCC was £43,855, excluding VAT; and our fee for 2014/15 for the CC was £20,000, excluding VAT. Further detail is contained in Appendix 2. |
Appendices

Appendix 1: Summary of reports issued

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

- **External Audit Plan (February 2015)**
  The *External Audit Plan* set out our approach to the audit of the PCC and CC’s financial statements and to work to support the VFM conclusion.

- **Audit Fee Letter (April 2015)**
  The *Audit Fee Letter* set out the proposed audit work and draft fee for the 2015/16 financial year.

- **Review of Strategic Alliance Arrangements (September 2015)**
  This was additional audit work to provide independent assurance that the strategic alliance with Devon & Cornwall Police and Crime Commissioner and Chief Constable is properly managed, to inform our VFM conclusion.

- **Auditor’s Report (September 2015)**
  The *Auditor’s Report* included our audit opinion on the financial statements along with our VFM conclusion and our certificate.

- **Interim Audit Letter (May 2015)**
  The *Interim Audit Report* summarised the results from the preliminary stages of our audit, including testing of financial and other controls.

- **Report to Those Charged with Governance (September 2015)**
  The *Report to Those Charged with Governance* summarised the results of our audit work for 2014/15 including key issues and recommendations raised as a result of our observations.
  We also provided the mandatory declarations required under auditing standards as part of this report.

- **Annual Audit Letter (October 2015)**
  This *Annual Audit Letter* provides a summary of the results of our audit for 2014/15.
Appendices

Appendix 2: Audit fees

To ensure transparency about the extent of our fee relationship with the PCC and CC we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our fee for 2014/15 for the PCC was £43,855, excluding VAT; and our fee for 2014/15 for the CC was £20,000, excluding VAT. This is a £4,800 increase on the planned fees for the year of £39,055 for the PCC and £20,000 for the CC as per our Audit Fee Letter communicated in April 2014.

This fee increase is due to additional audit work relating to review of strategic alliance arrangements. The fee for this is to be split between the Dorset Police and Crime Commissioner and Chief Constable, and the Devon & Cornwall Police and Crime Commissioner and Chief Constable. The Dorset Police and Crime Commissioner and Chief Constable’s share of the fee for phase 1 of this project is £4,800.

This additional audit fee is still subject to final determination by Public Sector Audit Appointments.