



OFFICE OF THE COMMISSIONER OF POLICE

Report to those charged with governance on the 2022 audit

May 2023

*To help the public service
spend wisely*

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REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the 31 December 2022 financial statements of the Office of the Commissioner of Police (the “Office” or “OCP”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Office in sufficient time to enable appropriate action. The matters we are required to communicate under ISAs include:
 - Auditors’ responsibilities in relation to the audit
 - the overall scope and approach to the audit, including any expected limitations, or additional requirements
 - relationships that may bear on our independence, and the integrity and objectivity of our staff
 - expected modifications to the audit report
 - significant findings from our audit.
2. This report sets out for the consideration of those charged with governance those matters arising from the audit of the financial statements that we consider are worthy of drawing to your attention.
3. This report has been prepared for the sole use of those charged with governance and we accept no responsibility for its use by a third party. Under the Freedom of Information Act (2020 Revision), it is the policy of the Office of the Auditor General to release all final reports proactively through our website: www.auditorgeneral.gov.ky.

AUDITOR’S RESPONSIBILITIES IN RELATION TO THE AUDIT

AUDITOR’S RESPONSIBILITY UNDER INTERNATIONAL STANDARDS ON AUDITING

4. ISAs require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters and this report

includes only those matters of interest which came to our attention as a result of the performance of our audit.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

5. Management's responsibilities are detailed in the engagement letter signed by management on 25 August 2022 to which this engagement was subject. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS:

6. While we have no responsibility to perform any audit work on other information, including forward looking statements, containing audited financial statements, we will read the other information contained in the Office's annual report to consider whether such information is materially consistent with information appearing in the financial statements or our knowledge of the operations of the Office.

CONDUCT, APPROACH AND OVERALL SCOPE OF THE AUDIT

7. Information on the integrity and objectivity of the Office of the Auditor General and audit staff, and the nature and scope of the audit, were outlined in the Engagement Letter presented to the Chief Officer and follow the requirements of the ISAs. We are not aware of any impairment to our independence as auditors.

AUDIT REPORT, ADJUSTMENTS AND MANAGEMENT REPRESENTATION

8. We have issued an unmodified auditor's report on the 2022 financial statements.
9. There were no audit adjustments made to the financial statements.
10. As part of the completion of our audit we obtained written representations from management on aspects of the accounts and judgments and estimates made. These representations were provided to us on 31 March 2023.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

11. We are responsible for providing our views about qualitative aspects of the Office's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Generally accepted accounting principles provide for the Office to make accounting estimates and judgments about accounting policies and financial statement disclosures.

We are, however, not aware of any new or controversial accounting practices reflected in the Office's financial statements.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

12. OCP made a provision for legal liabilities in the amount of \$1.025m for the 2022 financial year.

GOING CONCERN DOUBTS

13. As a result of our audit, we did not become aware of any material uncertainties related to events and conditions that may cast significant doubt on the Office's ability to continue as a going concern.

SIGNIFICANT AND OTHER DEFICIENCIES IN INTERNAL CONTROL

14. We identified significant internal control deficiencies as part of our audit. Details of such deficiencies and other deficiencies (if any) are included in Appendix 1 along with management's response.

FRAUD OR ILLEGAL ACTS

15. Applicable auditing standards recognize that the primary responsibility for the prevention and detection of fraud and compliance with applicable acts and regulations rests with both those charged with governance of the entity and with management. It is important that management, with the oversight of those charged with governance; place a strong emphasis on fraud prevention and fraud deterrence. They are also responsible for establishing and maintaining controls pertaining to the Office's objective of preparing financial statements that are presented fairly, in all material respects, in accordance with the applicable financial reporting framework and managing risks that may give rise to material misstatements in those financial statements. In exercising oversight responsibility, those charged with governance should consider the potential for management override of controls or other inappropriate influence over the financial reporting process.

16. As auditors, in planning and performing the audit, we are required to reduce audit risk to an acceptably low level, including the risk of undetected misstatements in the financial statements due to fraud. However, we cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of such factors as the use of judgment, the use of testing, the inherent limitations of internal control and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

17. No fraud or illegal acts came to our attention as a result of our audit.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE COURSE OF OUR AUDIT

18. No serious difficulties were encountered in the performance of our audit.

DISAGREEMENTS WITH MANAGEMENT

19. We have had no disagreements with management resulting from our audit.

ANY OTHER SIGNIFICANT MATTERS

20. There were no other significant matters noted during the audit other than those disclosed in Appendix 1.

ACKNOWLEDGEMENTS

21. We would like to express our thanks to the staff of the Office of the Commissioner of Police for their help and assistance during the audit of this year's financial statements. This enabled us to provide an audit report within the agreed timetable.

Yours sincerely,



Angela Cullen

Acting Auditor General

APPENDIX 1 – INTERNAL CONTROL MATTERS

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
<p>1. Comprehensive Overtime Policy for all departments of OCP</p> <p>Overtime is an inherent part of the OCP's business. The nature and demand of the work of the OCP results in significant overtime expenditure being incurred annually. However, the OCP does not have a formal overtime policy or procedures that guide the overtime process at the operational sections, from the initiation stage through the execution and approval (of overtime charged).</p> <p>We noted during our audit, that the finance department has procedures for overtime and a draft policy that is currently under review. However, the policy and procedures cover only how overtime is accounted for payroll processing (after the related task has been completed and the request for payment is submitted to the finance team).</p>	<p>Risk/Implication:</p> <ol style="list-style-type: none"> a. The absence of a formal written overtime policy could result in the disruption of the current process if staff changes and the new staff are not familiar with the OT process. b. The lack of a formal written overtime policy creates a risk that the OT process is open to abuse. c. The absence of a formal OT policy makes it difficult for OCP management to hold staff accountable for non-compliance, hence, no consequent for non-compliance. d. In a much broader perspective, the abuse of 	<p>Management agrees that a comprehensive policy document to enhance and reinforce existing instructions will further strengthen the robust control environment in relation to the processing of overtime by the Finance Department.</p> <p>Existing controls include:</p> <ul style="list-style-type: none"> - support from the Head of Department/Senior Command Team and approval from the Commissioner of Police prior to incurring overtime. - review by Head of Department/Senior Command Team and signoff by the Commissioner of Police after the incurrance of the overtime, but prior to transmission to the Finance Unit for processing. - comprehensive checks are carried out by the Finance Unit to ensure accuracy and potential abuse. Any discrepancies are communicated to Senior Management and further controls implemented if necessary. 	<p>September 30, 2023</p>

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
	<p>overtime could negatively impact the reputation of OCP.</p> <p>Recommendation: Management should develop and implement a comprehensive overtime policy and procedures applicable to all departments of the OCP.</p>	<p>Management will finalize the current draft policy and communicate same to all OCP employees to mitigate the risks outlined.</p>	

