

# Audit Completion Report

Chief Constable for Cleveland – year ended 31 March 2015

September 2015



Mazars LLP  
The Rivergreen Centre  
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Durham  
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Mrs J Cheer  
Chief Constable for Cleveland  
Police Headquarters  
Ladgate Lane  
Middlesbrough  
TS9 8EH

9 September 2015

Dear Mrs Cheer

**Audit Completion Report – Year ended 31 March 2015**

We are delighted to present our Audit Completion Report for the year ended 31 March 2015. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and areas of management judgement was outlined in our Audit Strategy Memorandum dated 6 March 2015. We reviewed our Audit Strategy Memorandum and concluded the original significant audit risks remained appropriate before we carried out our closing audit procedures.

We would like to take this opportunity to express our thanks to your officers for their assistance during the course of our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0191 383 6350 or [mark.kirkham@mazars.co.uk](mailto:mark.kirkham@mazars.co.uk).

Yours sincerely

Mark Kirkham  
Partner

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# 01 Executive summary

## Purpose of this document

This document has been prepared to communicate the findings of our audit for the year ended 31 March 2015 to the Chief Constable for Cleveland and will be presented to the Joint Audit Committee on 24 September 2015.

Our communication with you is important to:

- share information to assist both the auditor and those charged with governance to fulfil our respective responsibilities;
- provide you with constructive observations arising from the audit process;
- ensure, as part of the two-way communication process, we gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing the Chief Constable; and
- receive feedback from yourselves as to the performance of the engagement team.

As outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK and Ireland) which means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement. Section 3 of this report includes our conclusions on the significant risks we set out in our Audit Strategy Memorandum.

There are no internal control recommendations (section 4 refers). A summary of misstatements identified during the audit is detailed in section 5.

## Status and audit opinion

We have substantially completed our audit of the financial statements for the year ended 31 March 2015.

At the time of preparing this report, the significant matters detailed in the table below are outstanding.

Area outstanding	Work to be completed
Review of contingent liabilities (note 15)	Completion of procedures in respect of the disclosed contingent asset and liability arising from the national pensions commutation factor review and our assessment of whether this should be provided for in the primary statements. See further detail included on page 6, 'significant matters discussed with management'.
Pension Fund auditor assurance	We need to consider the findings of the Pension Fund auditor when this is received.
Closure procedures	Our standard closure procedures, including review of the revised financial statements and consideration of post balance sheet events.

Subject to the satisfactory conclusion of the remaining audit work, we anticipate:

- issuing an unqualified opinion, without modification, on your statement of accounts; and
- concluding that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

We also anticipate completing our work in respect of your Whole of Government Accounts submission in line with the group instructions issued by the National Audit Office by the deadline of 2 October 2015.

Our proposed audit report is set out in Appendix B.

## 02 Commentary on the financial statements

Good finances are the foundation of the Chief Constable's ability to contribute to the Police and Crime Plan and are fundamental to the ability of the Chief Constable to deliver sustainable police services for the community, and deliver value for money for taxpayers and Government. The arrangements for ongoing review of performance against the set budget are, therefore, important elements of the management of the organisation. The Chief Constable's internal management arrangements also identify any issues that need consideration when revising the long-term financial plan.

The Statement of Accounts is the key medium by which the Chief Constable communicates the financial performance of the Force with external stakeholders. As such it provides further valuable data on how resources have been employed, what assets and liabilities are outstanding, and is a useful indicator as to the financial health of the organisation.

The Chief Constable's balance sheet is in a negative equity position. This is as a result of how the CIPFA Code requires the organisation to account for pensions liabilities. The pension liability of the Chief Constable is £1,212 million (£1,070 million as at 31 March 2014). This liability, however, is not expected to crystallise at any one point in time and, whilst it is an assessment of the potential liabilities to be incurred, it represents a worst case scenario. In addition, the Chief Constable is government-backed with reasonably secure funding streams. Liquidity or even solvency issues do not present in the same way as they do for private sector organisations.

The Comprehensive Statement of Income and Expenditure shows the total comprehensive income and expenditure is £129 million (2013/14 £60 million). The statutory financial reporting framework differs from the internal management accounting format so the results reported in this Statement differ from the original budget and in-year reports. The main contributory factors to the reported position are the transactions dealing with the pension liability which are subject to significant fluctuations as a result of the complex interaction of actuarial assumptions. In 2014/15, for example, there has been a significant change in the discount rate used which has had a significant impact on the pension transactions. The Chief Constable underspent against the resources allocated by £2,073 million (2013/14 £1,188 million) which demonstrates prudent financial management against a background of diminishing resources.

## 03 Significant findings

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding the significant risks outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On the next page we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year; and
- any significant difficulties we experienced during the audit.

### Significant risks

#### Risk: management override of controls

##### Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we considered there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

##### How we addressed this risk

We addressed this risk through performing audit work over:

- accounting estimates impacting on amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

##### Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

#### Risk: revenue recognition

##### Description of the risk

International Standards on Auditing include a rebuttable presumption that a risk of fraud in relation the recognition of revenue always exists. We decided not to rebut this presumption and as such there was a risk that revenue will be recognised in the incorrect accounting period.

##### How we addressed this risk

We addressed this risk by performing audit work relating to journals recorded in the general ledger and other adjustments which recognise revenue made in the preparation of the financial statements. In addition to these procedures, we increased the level of substantive testing performed on revenue items included in the ledger to confirm they have been accounted for in the correct accounting period.

##### Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

## Risk: pension entries

### Description of the risk

The financial statements contain material entries in a number of primary statements as well as material disclosure notes in relation to the Chief Constable's participation in the Local Government and Police Pension Schemes. These entries arise from complex estimates used by the Chief Constable's Actuary as well as information provided to the Actuary by the Chief Constable.

### How we addressed this risk

We addressed this risk by considering the Chief Constable's arrangements (including any relevant controls) for making estimates in relation to pension entries within the financial statements. We also considered the reasonableness of the Actuary's assumptions used in providing the Chief Constable with relevant entries in the financial statements through the use of our expert commissioned by the Audit Commission.

### Audit conclusion

Our audit has provided the assurance we sought and has not highlighted any further issues in this area to report, subject to:

- review of the response from the local government pension scheme auditor; and
- the outstanding work to be completed in respect of our review of the national commutation factor issue highlighted in both the significant risks section and under 'significant matters discussed with management' below.

## Accounting policies and disclosures

We have reviewed the Chief Constable's accounting policies and disclosures and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting, subject to some small amendments made to enhance the Police Pension Fund Accounts accounting policies.

Our work identified a small number of amendments to accounting disclosures; the most significant are included in the next section.

## Significant matters discussed with management

Other than our usual discussions as part of gathering our audit evidence, we have had discussions with management in respect of one main significant matter, as set out below.

### Significant matters discussed with management – national commutation factor review

In May 2015, the Pensions Ombudsmen determined that GAD had used incorrect commutation factors when calculating pension payments in a number of cases. As a result of this, it is likely that the costs associated with those pensioners affected will increase. The Home Office have advised that they will fund the additional costs.

Management have included a contingent liability and contingent asset disclosure note in the draft statements approved in June 2015 and have proposed some updated wording for the final version of the audited statements.

We are assessing whether this liability should be provided for in the financial statements, along with recognition of any funding.

## Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

## 04 Internal control recommendations

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported here would be limited to those deficiencies and other control recommendations that we identified during our normal audit procedures and that we considered to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control we might have identified a list of deficiencies to be reported so our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

**We have not identified any significant deficiencies or any other internal control recommendations as a result of our work this year and there are no recommendations from the prior year to follow-up.**

## 05 Summary of misstatements

We are required to bring to your attention the misstatements found during the course of our audit that have not been corrected, unless they are clearly trivial.

Overall our testing has identified only a small number of disclosure amendments, the majority of which have been adjusted for in the revised statements.

Commentary in respect of the potential material impact of adjustments relating to the commutation factor review is set out below, followed by amendments to disclosure notes, adjusted and unadjusted. There are no other adjustments, either material or non-material impacting on the primary statements and there are no material unadjusted errors.

### Commutation factor review

At the time of writing this report, work has not been completed in respect of a potential adjustment to the financial statements (primary statements and / or disclosures) for the national commutation factor issue, as referred to earlier. Disclosed as an unquantified contingent liability and asset in Note 15 of the Chief Constable's financial statements (Note 43 to the draft Police and Crime Commissioner for Cleveland and Group financial statements). Following receipt of additional information and assessment, quantification and recognition of this liability is being assessed.

The Chief Constable has indicated to us the liability is estimated at approximately £4.3 million and work is on-going in this area, including determining any impact on pension disclosures.

We will provide an update to the Audit Committee via a follow-up letter, setting out any adjustments when further work has been done.

### Disclosure amendments

There have been a small number of amendments to disclosures, adjusted and unadjusted, as set out below.

#### Unadjusted disclosures

- **Disclosure notes where full comparatives have not been included:** there are a number of disclosure notes where full details of comparators have not been given. In some cases this is because the brought forward balances are clear from the current year's table. However, full details of comparators, in the same level of detail as the current year, should be given for all disclosure notes. This applies to a number of disclosures.

#### Adjusted disclosures

- **Note 8 Officers' emoluments** - correction of transposition errors impacting on all lines between the Chief Constable and Chief Finance Officer (e.g. DCC salary shown as £70,000 but should be £120,000 and ACC as £120,000 when should be £70,000 etc).
- **Clarification and / or enhancement of narrative to meet the CIPFA Code requirements** (Note 4 Assumptions and estimation uncertainty, Notes 11 and 12 Pensions).
- **Clarification of narrative to ensure consistency between or within disclosures** (Explanatory Foreword, Note 2 Accounting Standards issued not adopted and Note 42 collaborative arrangements).

## 06 Value for money

We are required to conclude whether the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do this by considering the Chief Constable's arrangements against the two criteria specified by the Audit Commission.

Criteria	Focus of each criterion
The Chief Constable has proper arrangements in place for securing financial resilience.	The Chief Constable has systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that should enable operations to continue for the foreseeable future.
The Chief Constable has proper arrangements for challenging how it secures economy, efficiency, and effectiveness.	The Chief Constable is prioritising resources within tighter budgets, for example, by achieving cost reductions and by improving efficiency and productivity.

In the Audit Strategy Memorandum we identified a significant risk relevant to the value for money (VfM) conclusion; we detail below how we have addressed this risk. We also produced a detailed report for our findings which was presented to the Audit Committee on 25 June; a summary for each criterion from this report is shown on the following pages.

### Reality check and overall assessment

Having gathered evidence of the Chief Constable's arrangements for each criterion we conducted a 'reality check', building upon our existing knowledge of the Chief Constable and considering the robustness of our assessment by referring to:

- reports by statutory inspectorates or other regulators;
- achievement of performance and other targets; and
- performance against budgets and other financial targets.

Having completed our assessment we can conclude our initial risk assessment remains appropriate. Our conclusion is the Chief Constable has adequate arrangements in place for each criterion.

**Our proposed unqualified VfM conclusion is set out in the draft auditor's report at Appendix B.**

### Significant VfM risk

#### Risk to the financial resilience criterion – level of savings required post 2015/16

##### Description of the risk

There are increased financial pressures following the central government budget announcement in December 2014 of an additional 5.1% grant cut for 2015/16 and four years of budget cuts already having been made. The risk to financial resilience is therefore increased due to these factors.

##### How we addressed this risk

We carried out the following work:

- reviewing the Medium-Term Financial Strategy;
- reviewing budget monitoring reports and other finance updates; and
- reviewing the progress made in identifying savings required.

##### Conclusion

Our work provided us with assurance to mitigate the identified risk.

## Financial resilience

Criteria	Aspect	Comments	Arrangements in place?
Arrangements for securing financial resilience	Financial Governance	<p>The Chief Constable clearly understands the current financial position and has already delivered significant cuts in recent years. She recognises further funding cuts lie ahead and is planning accordingly.</p> <p>The Chief Constable's Chief Finance Officer is a key member of the leadership team and ensures the financial viability of all decisions taken.</p> <p>Good financial management is promoted, along with delegation of budgets and appropriate challenge of assumptions and performance.</p> <p>Members of the Police and Crime Panel and the Joint Audit Committee provide effective scrutiny of financial performance.</p>	Yes
	Financial Planning	<p>The Chief Constable views her statutory responsibilities as being at the heart of what she does and this is the core of the Police and Crime Plan. The plan sets out the short, medium and long term priorities for the Police and Crime Commissioner (PCC) and the Force and is fully aligned to the long-term financial plan (LTFP).</p> <p>The LTFP is regularly updated and is matched to the priorities in the Police and Crime Plan. Budget setting and detailed monitoring ensures delivery of the budget.</p> <p>There is a balanced budget for 2015/16 and all required savings plans are in place and fully costed.</p> <p>Financial and corporate planning processes are closely aligned. Risk management arrangements are in place and continue to be developed. Workforce planning has dealt with significant reductions in the overall workforce over the last five years.</p> <p>The Chief Constable takes a longer-term view on financial planning. Financial modelling is a key element of the LTFP. The budget report sets out the factors and assumptions impacting on the budget, including service pressures and provides assurance the budget is prudent and achievable.</p>	Yes
	Financial Control	<p>Budget setting and close monitoring ensures delivery of the budget, and corrective action is taken when necessary.</p> <p>The Chief Constable has a strong track record of delivering services within the budget.</p> <p>HMIC profiles are considered for comparison purposes for the Chief Constable. Cleveland, broadly speaking, lies in the mid-profile range comparatively.</p>	Yes

## Securing economy, efficiency and effectiveness

Criteria	Aspect	Comments	Arrangements in place?
Arrangements for challenging economy, efficiency and effectiveness	Prioritising resources	<p>Leadership is strong and the spending reductions required to date have been achieved. The long-term financial plan is clearly linked to the Police and Crime Plan which sets out the strategic priorities of the PCC and the Chief Constable over the short, medium and long-term.</p> <p>The Chief Constable takes a structured approach to cost reductions and prioritising resources, looking at options and delivering change on a business case approach. The outsourcing contracts are regularly reviewed to ensure that they are still providing value for money.</p> <p>Performance is good overall and the Chief Constable is still driving improvement despite the spending cuts.</p> <p>The Chief Constable takes a structured approach to cost reductions and prioritising resources, looking at options and delivering change on a business case approach. There is a proven track record of delivering savings and efficiencies and working well in partnership with others.</p>	Yes
	Improving efficiency and productivity	<p>The Chief Constable proactively monitors the Force's performance against the performance of others, primarily using HMIC data.</p> <p>The Chief Constable is taking a long-term view and has a track record of delivering savings and efficiencies, with significant savings realised in recent years.</p> <p>Shared Service arrangements are in place and there is increasing use of collaborative arrangements.</p> <p>Business processes have been evaluated with resulting efficiencies.</p> <p>Savings plans are monitored to ensure the delivery of potential identified savings.</p> <p>The financial pressures reflected in budget cuts set their own very challenging targets for the Chief Constable. Nevertheless, the Chief Constable has consistently delivered within her budget, despite the challenging targets set by the PCC.</p> <p>The Chief Constable has recognised the budget gap from 2016-2019 and work has already started to eliminate this gap while considering the impact further cuts will have on service provision.</p>	Yes

## Appendix A – draft management representation letter

Mr Mark Kirkham  
Partner  
Mazars LLP  
The Rivergreen Centre  
Aykley Heads  
Durham  
DH1 5TS

Dear Mark

### **Chief Constable for Cleveland - audit for year ended 31 March 2015**

This representation letter is provided in connection with your audit of the statement of accounts of the Chief Constable for Cleveland for the year ended 31 March 2015 for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

I confirm the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

#### **My responsibility for the statement of accounts and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

#### **My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the organisation you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Finance Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

#### **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all relevant meetings, have been made available to you.

#### **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Chief Constable's financial position, financial performance and cash flows.

#### **Accounting estimates, including those measured at fair value**

I confirm that any significant assumptions used by the Chief Constable in making accounting estimates, including those measured at fair value, are reasonable.

#### **Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Chief Constable have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

### **Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

### **Fraud and error**

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error. I have disclosed to you:

- all the results of my assessment of the risk that the statement of accounts may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Chief Constable involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Chief Constable's statement of accounts communicated by employees, former employees, analysts, regulators or others.

### **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. I have disclosed to you the identity of the Chief Constable's related parties and all related party relationships and transactions of which I am aware.

### **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

### **Future commitments**

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

### **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

### **Unadjusted misstatements**

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the statement of accounts as a whole. A list of uncorrected misstatements is attached to this letter as an appendix.

Yours faithfully

Chief Finance Officer

## Appendix B – draft audit report

### Independent auditor's report to the Chief Constable for Cleveland

#### Opinion on the financial statements

We have audited the financial statements of the Chief Constable for Cleveland for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Police Pension Fund Account and Net Assets Statement and the related notes. 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 2014/15.

This report is made solely to the Chief Constable for Cleveland in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

#### Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer 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, 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.

#### 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 Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. 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 Chief Constable for Cleveland as at 31 March 2015 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 2014/15.

#### Opinion on other matters

In our opinion, the information given in the explanatory foreword 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 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 and the December 2012 addendum;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Chief Constable to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

## **Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### ***Respective responsibilities of the Chief Constable and the auditor***

The Chief Constable for Cleveland 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.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Chief Constable for Cleveland has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable for Cleveland 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 arrangements for securing economy, efficiency and effectiveness are operating effectively.

### ***Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources***

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission, as to whether the Chief Constable for Cleveland has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable for Cleveland put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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 Chief Constable for Cleveland 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 on the specified criteria published by the Audit Commission, we are satisfied that, in all significant respects, the Chief Constable for Cleveland put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

## Certificate

We certify that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Kirkham, Partner  
For and on behalf of Mazars LLP, Appointed Auditors

The Rivergreen Centre  
Aykley Heads  
Durham  
DH1 5TS

Date:

## Appendix C – independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.