

Audit Completion Report

Chief Constable for Cleveland – year ended 31 March 2016

September 2016



**CLEVELAND
POLICE**

Mazars LLP
The Rivergreen Centre
Aykley Heads
Durham
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Mr I Spittal
Chief Constable for Cleveland
Police Headquarters
Ladgate Lane
Middlesbrough
TS9 8EH

7 September 2016

Dear Mr Spittal

Audit Completion Report – year ended 31 March 2016

We are delighted to present our Audit Completion Report for the year ended 31 March 2016. 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 25 February 2016. 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 6314 or cameron.waddell@mazars.co.uk.

Yours sincerely

Cameron Waddell
Partner

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Our reports are prepared in the context of the Audit Commission's 'Statement of responsibilities of auditors and audited bodies'. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and we take no responsibility to any member or officer in their individual capacity or to any third party.

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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 2016 to the Chief Constable for Cleveland and will be presented to the Joint Audit Committee on 22 September 2016.

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.

Our work on the accounts is designed to provide reasonable assurance that they are free from material misstatement. In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'. We consider materiality when planning and performing our work and in assessing audit results.

At the planning stage, we made a judgement about the size of misstatements which we would consider to be material; Appendix C provides more information on our approach.

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 2016. At the time of preparing this report, the significant matters detailed in the table below are outstanding.

Area outstanding	Work to be completed
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.

Our proposed audit report is set out in Appendix B.

02 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.

We updated our understanding and evaluation of internal control processes and procedures as part of our audit planning, including completion of a fraud risk assessment. We also obtained information from the Chief Constable and management on processes for assessing the risk of fraud in the financial statements and arrangements in place to identify, respond to and report fraud

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.

Risk: pension entries

Audit conclusion

Our audit has provided the assurance we sought and has not highlighted any material issues to bring to your attention, subject to review of the response from the local government pension scheme auditor.

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.

Our work identified a small number of amendments to accounting disclosures; the most significant are included in the next section. We appreciate the continued co-operation of officers in working with us to continually improve the financial statements and disclosures.

For 2015/16, the underlying guidance included revised requirements for the Explanatory Foreword (now entitled 'Narrative Statement'). These requirements included a recommendation to include non-financial as well as financial data. The Chief Constable has updated the Foreword to reflect the requirements of the new Narrative Statement.

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.

Electors' rights to inspect the accounts

The Accounts and Audit (England) Regulations 2015 ('the regulations'), introduced new requirements in respect of publishing the financial statements and the period within which local electors may raise questions on the financial statements or make an objection to an item of account. For 2015/16 the Chief Constable set this period as 1 July to 11 August 2016. We received no questions or objections within this period.

03 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.

04 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.

There are no other adjustments, either material or non-material impacting on the primary statements and there are no material unadjusted errors.

Disclosure amendments

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

Adjusted disclosures

Disclosure note	Amendment
Notes 12 and 13 Pensions	Amendments for a number of disclosure errors, including incorrectly disclosed figures, mortality assumptions and other minor amendments.

05 Value for money

We are required to reach a conclusion on whether the Chief Constable has arrangements in place to secure value for money (VFM) in its use of resources, based on the criterion specified by the National Audit Office: '*in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people*'.

On the basis of our work, we are satisfied that in all significant respects the Chief Constable put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ending 31 March 2016. We intend to issue an unqualified VFM conclusion as set out in Appendix B.

Significant VFM risk

In the Audit Strategy Memorandum issued on 25 February 2016 we identified one significant risks relevant to our VFM review.

VFM significant risk – sustainable resource deployment

Description of the risk

The PCC and Chief Constable have agreed a balanced financial plan for the next four years. This is built on a service model that can effectively respond to threat, harm and risk and bring about safer and stronger communities.

Budgets have been set based on assumptions in respect of officers and staff leaving and additional recruits being brought in. There is a risk that should the number of leavers outstrip planning assumptions, this could result in capacity gaps if the recruitment plan cannot be flexed sufficiently to respond.

How we addressed this risk

We carried out the following work:

- review of the demand modelling carried out, including challenging the robustness of assumptions;
- review of the arrangements for targeting available resources at areas of highest threat, harm and risk; and
- review of the adequacy of the arrangements in place for the recruitment and training of new officers.

A review of the workforce has been undertaken in 2015/16 to ensure resources are deployed in areas of greatest demand. The workforce review has been undertaken to ensure resources are placed most effectively in the organisations and this has been achieved using a specific methodology (MoRILE) which was used to determine the capacity to deal with risk. The objectives of the review were to ensure that the workforce is effectively organised to support achievement of strategic objectives.

A review of local policing has identified better ways of working and resources have been redeployed to areas of highest demand. Reviews have also been undertaken in relation to shift patterns and demand modelling for services is now used which is linked to the strategic priorities in the Police and Crime Plan. The use of collaborative arrangements and mutual aid has also been reviewed and released resources have been redeployed into areas of highest demand, again to meet the strategic objectives.

Based on our review, the modelling carried out has been comprehensive, ranging from high-level strategic modelling but right down to considering what officers actually need as well in order to carry out their jobs effectively.

Demand modelling is continuing to be implemented and there have been no issues highlighted to date and resources appear to be deployed in areas of greatest demand. Time savings released from neighbourhood policing have been invested into areas of highest threat, harm and risk. Adequate arrangements are also in place for the recruitment and training of new officers although this remains a key area for the PCC and Chief Constable to monitor.

Demand modelling is invariably a resource-intensive exercise however it is important it is regularly updated so as to ensure resources are targeted in those areas most needed, given the on-going financial pressures.

Conclusion

Our work provided us with assurance to mitigate the identified risk. The recruitment and training of new officers remains a risk for the Chief Constable to monitor on an on-going basis, being central, along with on-going refinement of the demand modelling, to the resilience of the policing service.

VFM commentary

The following paragraphs set out commentary from our VFM review, against the sub-criteria of the guidance issued by the National Audit Office supporting the overall criterion.

VFM sub-criteria
Informed decision-making
Sustainable resource deployment
Working with partners and other third parties

Informed decision-making

Acting in the public interest, through demonstrating and applying the principles and values of sound governance

There is a comprehensive Code of Corporate Governance in place which jointly applies to the Police and Crime Commissioner (PCC) and the Chief Constable which is approved by the Joint Audit Committee. The Monitoring Officer reports any breaches of this code to the Audit Committee. The decisions and performance of the Chief Constable are scrutinised by the PCC and the scrutiny meetings are published on the PCC's website.

Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management

The Chief Constable's Management Team receives monthly financial and performance information from which a monthly performance report is produced. This report is provided to the PCC who scrutinises it and questions the Chief Constable on the performance of the Force. The scrutiny meetings are published on the PCC's website. The objectives of the PCC and therefore the CC are included in the Police and Crime Plan and all monitoring and reporting is measured against these objectives. The Police and Crime Plan is fully aligned to the Long Term Financial Plan which is regularly updated and includes the budget that is delegated to the CC. Budget setting and detailed monitoring ensures delivery of revenue plans.

Reliable and timely financial reporting that supports the delivery of strategic priorities

The Chief Constable produces regular finance reports to the PCC, which once scrutinised are used in the PCC's reports to the Police and Crime Panel. The PCC considers the financial reports alongside the performance reports and the performance is measured in terms of the delivery of the Police and Crime Plan.

Managing risks effectively and maintaining a sound system of internal control

Risks are managed using risk registers and these are reported to the Joint Audit Committee, noting there is a separate risk register for the Chief Constable and PCC. A comprehensive internal audit plan is in place which takes into account the strategic priorities of the PCC and Chief Constable and the different sources of assurance. There is appropriate challenge by the Joint Audit Committee over coverage and risk areas. The Audit Committee reviews the Code of Corporate Governance prior to the start of the financial year and the Annual Governance Statement to be included in the audited financial statements.

Sustainable resource deployment

Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions

There is a Long Term Financial Plan (LTFP) in place which is regularly updated and is clearly linked to the Police and Crime Plan. There is a separate part of the plan which details the budgets that have been devolved from the PCC. The annual budgets are taken from the LTFP and are monitored monthly and reported to the PCC and also the Police and Crime Panel. The budget settlement for 2016/17 was better than expected and there are balanced budgets in place for the next four years. The LTFP is built on a service model that can effectively respond to threat, harm and risk and bring about safer and stronger communities. The LTFP is produced jointly by the PCC and Chief Constable as the

latter is responsible for the policing service funded by the Police and Crime Commissioner. The Chief Constable has a plan in place for the recruitment and retention of officers who are key to the delivery of the Police and Crime Plan.

Managing and utilising assets effectively to support the delivery of strategic priorities

The strategic priorities of the PCC are detailed in the Police and Crime Plan. The review of the Estates Strategy was completed in 2015 and this has been included in the LTFP. The Police and Crime Plan is linked to the LTFP and hence ensures that there are sufficient financial resources for the delivery of the Plan. Demand modelling is continuing to be implemented and there have been no issues highlighted to date and resources appear to be deployed in areas of greatest demand. Time savings released from neighbourhood policing have been invested into areas of highest threat, harm and risk. Adequate arrangements are also in place for the recruitment and training of new officers although this remains a key area for the PCC and Chief Constable to monitor.

Planning, organising and developing the workforce effectively to deliver strategic priorities

We comment on the demand modelling carried out earlier in this section.

Working with partners and other third parties

Working with third parties effectively to deliver strategic priorities

Working with third parties continues to be developed through the use of collaborative arrangements. The PCC and Chief Constable have a collaborative agreement with North Yorkshire and Durham for the Evolve Programme where there has been the introduction of an integrated dogs unit for the three Forces. Other collaborative arrangements include the setting up of a Major Crimes Team. All collaborative arrangements are subject to Section 22 agreements and are formally approved by the PCC (and published as decision notices) once operationally agreed by the Chief Constable. All arrangements are linked to the strategic objectives in the Police and Crime Plan. Collaboration arrangements with other Police and Crime Commissioners and Chief Constables are being actively pursued as are arrangements with other emergency service providers.

Commissioning services effectively to support the delivery of strategic priorities

The main commissioning of services by the Chief Constable has been the outsourcing of the back office services to Steria in 2010. The contract has been reviewed in 2015 and additional savings identified as a result of this review. The contract is monitored monthly and key performance indicators are measured. The Chief Constable ensures that the commissioning offers value for money and supports strategic priorities and scrutinises commissioning on an individual project basis.

Procuring supplies and services effectively to support the delivery of strategic priorities

Procuring supplies and services is regulated by the Code of Corporate Governance and all instances where the waiving of standing orders has occurred are referred to the PCC for scrutiny and are also reported to the Joint Audit Committee. Given the nature of policing, there are a number of national procurement initiatives and where appropriate, use has been made of these initiatives.

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.

Based upon our overall assessment and reality check there are no matters arising from our work we need to report.

Appendix A – draft management representation letter

Mr Cameron Waddell
Partner
Mazars LLP
The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS

Dear Cameron

Chief Constable for Cleveland - audit for year ended 31 March 2016

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 2016 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 2015/16.

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 *schedule of unadjusted misstatements is included as an appendix to this letter*.

Yours sincerely

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 2016 under the Local Audit and Accountability Act 2014. 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 Statement 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 2015/16.

This report is made solely to the Chief Constable for Cleveland in accordance with Part 5 of the Local Audit and Accountability Act 2014, and paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable of Cleveland, for our audit work, for this report or for the opinions we have formed.

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 2015/16, 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 Narrative Statement 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 2016 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 2015/16.

Opinion on other matters

In our opinion, the information given in the Narrative Statement 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 24, schedule 7 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24, schedule 7 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under the Local Audit and Accountability Act 2014.

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 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable for Cleveland has made proper arrangements for securing economy, efficiency and effectiveness in his use of resources. The Code of Audit Practice issued by the National Audit Office, requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the National Audit Office.

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 his use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

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

We are required to conclude whether the Chief Constable for Cleveland has put in place arrangements to ensure he took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have planned and undertaken our work in accordance with the Code of Audit Practice as issued by the National Audit Office and had regard to relevant guidance. 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 the use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office, 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 the use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Cameron Waddell, Partner
For and on behalf of Mazars LLP

The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS

Date

Appendix C – materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assumed that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We considered materiality whilst planning and performing our audit.

Whilst planning, we made judgements about the size of misstatements which we considered to be material and which provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

In 2015/16 we set materiality at the planning stage at £1.387 million for the Chief Constable (being 1% of estimated gross revenue expenditure) with a clearly trivial threshold of £0.042 million below which identified errors will not usually be reported. We set lower materiality levels for the accounting entries we consider to be more sensitive, for example, senior officer's remuneration, as we considered these items to be of specific interest to users of the accounts sufficient to warrant audit procedures which would not otherwise be applied based on the materiality level for the audit as a whole. The materiality determined at the planning stage did not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, would be considered as immaterial.

We revised materiality for the financial statements as our audit progressed. Our closing assessment of materiality in 2015/16, based upon the final version of the financial statements, was £1.368 million with a clearly triviality threshold of £0.041 million.

We discussed with management any significant misstatements or anomalies that we identified during the course of the audit and we reported in our Audit Completion Report all unadjusted misstatements we identified other than those which were clearly trivial, and obtained written representation that explained why these remain unadjusted.

Appendix D – independence

As part of our on-going 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.