Mazars LLP
Salvus House
Aykley Heads
Durham
DH1 5TS

Tel: +44 (0) 191 383 6300
www.mazars.co.uk

Ms L Oldroyd, Office of the Police and Crime Commissioner for Cleveland

Mr R Lewis, Chief Constable for Cleveland

Direct line +44 (0) 191 383 6300

Email gavin.barker@mazars.co.uk

Cleveland Police
Police Headquarters
Community Safety Hub
1 Cliffland Way
Middlesbrough
TS9 9GL

8 December 2020

Dear Acting Commissioner / Chief Constable

Office of the Police and Crime Commissioner and Chief Constable for Cleveland
Follow Up Letter to our Audit Completion Report in relation to the 2019/20 Audit

As required by International Standards on Auditing (UK), I am writing to communicate an update on those matters that were marked as outstanding within our Audit Completion Report dated 28 August 2020, and to draw your attention to issues that have arisen since we presented our report to the Joint Independent Audit Committee on 2 October 2020.

Issues arising since we reported in October

You will recall from our presentation at the Joint Independent Audit Committee meeting on 2 October 2020, that your officers had produced the 2019/20 financial statements and we had audited them largely to the original timetable and without recourse to the extensions that had been provided this year due to the COVID-19 pandemic. The Joint Independent Audit Committee considered the financial statements on 2 October 2020 and we explained that we were unable to complete our audit and issue our audit opinion on the financial statements until we received assurance from the pension fund auditor.

The Pension Fund auditor provided their letter to us late on 26 November 2020, but it raised issues that we were unable to resolve before the statutory timetable for audit completion of 30 November 2020, meaning that the issue of our final audit report has been delayed.

In accordance with the Accounts and Audit Regulations 2015, notices were published to explain the delay in the receipt of audited financial statements.

The issues raised in the Pension Fund auditor letter have now been resolved, and we are in a position to issue our audit report on the financial statements and we plan to do this today.

Mazars LLP is the UK firm of Mazars, an integrated international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD.

We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861.

VAT number: 839 8356 73

mazars

Update on matters previously reported as outstanding

The following matters have now been resolved.

Audit area previously reported as outstanding	Status	Updated position
Pensions	COMPLETED	**'Material valuation uncertainty' in relation to Pension Fund property assets** Teesside Pension Fund has made a disclosure of 'material valuation uncertainty' in relation to certain types of assets in the notes to its financial statements. As the PCC and Chief Constable's accounts include a share of the Pension Fund assets, and the assets subject to the disclosure are above our materiality level, Note 5 in both the PCC and Chief Constable's financial statements in relation to sources of estimation uncertainty, have been updated to disclose the impact of this on the financial statements. The additional note is explained further in Appendix A, and the text has been highlighted in red for ease of reference. In line with normal practice, we will include reference to this disclosure as an 'emphasis of matter' in our audit report. The purpose of this paragraph is to draw attention to this disclosure, it is not a qualification and does not modify our proposed unqualified opinion on the financial statements. Our draft Auditor's Report at Appendix B includes a draft emphasis of matter paragraph. Although the Pension Fund auditor provided their letter to us late on 26 November 2020, it raised issues that we were unable to resolve before the statutory timetable for audit completion of 30 November 2020, meaning that the issue of our final audit report has been delayed. **Asset values** • During their audit, the pension fund auditors identified that asset values in the pension fund as a whole were overstated. Management decided not to adjust the statements to reflect the PCC and Chief Constable's share of the overstatement at the point in time they were advised as the adjustment was not material at £881k. We now have the final figures and the overall adjustment is still not material at £583k (the Chief Constable accounts for £511k of this total). Management therefore do not propose to amend the statements on grounds of materiality (for both the PCC and Group and the Chief Constable), and as such the difference of £583k is classed as an 'unadjusted error'. We have therefore added this

		matter to the Summary of Unadjusted Misstatements in Appendix A of this letter. **Undecided members** • A further issue was raised in the letter from the pension fund auditor that we needed to clarify with them. This is the issue that meant we were unable to sign off by the statutory timetable of 30 November 2020. • This related to testing that had not provided the required assurance in the category being termed 'undecideds' (this is linked to frozen pensions). We raised our queries to the pension fund auditor on the morning of 27 November. Regrettably the response we received later that day did not provide any further clarity on the issue and its potential impact (which we needed to understand to be able to judge whether it could have a material impact on the PCC and Group and Chief Constable). • We therefore requested management to follow this up with the pension fund for their own assurance, and to provide us with the information to inform our judgement. Management have now been provided with information from the fund actuary that shows that the total liability for the PCC and Group and Chief Constable's share of the 'undecided' cases is not material; there are no cases impacting on the PCC and 14 cases impacting on the CC. Having considered this information, we are now satisfied that there is no risk of material misstatement resulting from this issue, and as such we are now satisfied that this closes the matter for our audit. We do not consider this matter to be an 'error', but an 'uncertainty'. As such, we have not included it as an unadjusted error in Appendix A of this letter.
WGA	COMPLETED	We have now received the group instructions from the National Audit Office and we expect to submit our assurance statement at the same time as we complete our audit.
Closing Procedures	ON TRACK	We will discuss subsequent events with management and review available post balance sheet information at the point we are due to sign the audit opinion, which is planned for today. We will also review the management representation letters when they are received later today. Management have been asked to include the additional unadjusted misstatement included in Appendix A in the final letter of representation they provide to us. Our review and closure processes are on track, and will be ongoing up until the point we are due to sign the audit opinion later today.

mazars

Current status of our audit work

At the time of preparing this update letter, we anticipate issuing an 'Adverse' qualification on the Value for Money conclusion in respect of the PCC and Chief Constable's arrangements to secure economy, efficiency and effectiveness in the use of resources. This is linked to weaknesses in proper arrangements arising from HMICFRS's report on Cleveland Police which assessed the Force's performance as 'Inadequate'. Our draft auditor's report for the PCC and Chief Constable is provided in Appendix B. We still anticipate issuing an unqualified opinion, without modification, on the financial statements.

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

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

Yours faithfully

Gavin Barker

Gavin Barker
Director

For and on behalf of Mazars LLP

mazars

Appendix A – Summary of misstatements

The issues arising between the issue of the Audit Completion Report on 18 August 2020 and the issues noted in this update letter are highlighted in red.

We set out on below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £127k for the Group, £90k for the PCC and £116k for the CC.

The first section outlines the misstatements that were identified during the course of our audit which management has assessed as not being material, either individually or in aggregate, to the financial statements and does not currently plan to adjust.

The second section outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements 2019/20
There is one unadjusted misstatement noted below.

		Comprehensive Income and Expenditure Statement (CIES)		**Balance Sheet**	
	PCC and Group	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: CIES Re-measurement of net defined benefit liability as it change in plan assets)	583			
	Cr: Pensions liability				583
	As noted above, there is an overstatement of asset values in the PCC and Group of £583k which also impacts on the pension reserve and associated notes. Management do not propose to further amend the statements on grounds of materiality, and as such the difference of £583k is classed as an 'unadjusted error'. The Chief Constable (below) accounts for £511k of this amount.				
	Chief Constable				
2	Dr: CIES Re-measurement of net defined benefit liability as it change in plan assets)	511			
	Cr: Pensions liability				511
	As noted above, there is an overstatement of asset values in the PCC and Group of £583k which also impacts on the pension reserve and associated notes, and £511k of the Group position relates to the Chief Constable. Management do not propose to further amend the statements on grounds of materiality, and as such the difference of £511k is classed as an 'unadjusted error'.				

Adjusted misstatements 2019/20

There were no adjusted misstatements to the Comprehensive Income and Expenditure Statement or Balance Sheet. During the course of the audit we identified a number of presentational and disclosure issues. These were all relatively minor and have been adjusted for in the final version of the financial statements. We have summarised below some of the disclosure amendments required.

Pension Fund Property Assets:

Teesside Pension Fund has made a disclosure of 'material valuation uncertainty' in relation to certain types of assets in the notes to its financial statements. As the PCC and Group and Chief Constable's accounts include a share of the Pension Fund assets, and the assets subject to the disclosure are above our materiality level, Note 5 to the PCC and Chief Constable's financial statements in relation to sources of estimation uncertainty, has been updated to disclose the impact of this on the PCC and Chief Constable's financial statements:

The external valuers, Cushman & Wakefield, have stated that their valuations as at 31 March 2020 have been reported on the basis of 'material valuation uncertainty' and consequently, less certainty and a higher degree of caution should be attached to their valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, they have recommend that the valuation of the directly held properties is kept under frequent review, which is currently undertaken each quarter. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuations cannot be relied upon. The statement is a disclosure, not a disclaimer. It is used in order to be clear and transparent with all parties that – in the extraordinary circumstances that applied at the valuation date – less certainty can be attached to the valuation than would otherwise be the case.

Our opinion is not modified in respect of this matter. However, we have included an 'Emphasis of Matter' paragraph in our auditor report to highlight this disclosure. It is important to note that this is not a qualification.

Note 2 Expenditure and Funding Analysis (PCC only): Adjustments for capital for police non pay costs and OPCC non pay costs should be the same for PCC as for Group. Therefore PCC figures should be changed to reflect police non pay costs adjustment for capital of -£5,670 and OPCC non pay costs adjustment for capital of £1,889k. There were also some amendments to comparative figures for 2018/19.

Note 26 Related Parties (Group and PCC): In the 'Government Departments' table, the Home Office ICT Charges are £759k. Per external documentation, these charges should be £859k. This also impacts on Note 31 Agency Services. This has been amended.

Note 27 PFI (Group and PCC): Lifecycle maintenance costs (£71k for Urlay Nook, £284k for Action Stations) have been removed from table.

mazars

Appendix B – Updated Audit Report Wording

We have highlighted in red matters raised in this letter.

Independent auditor's report to the Police and Crime Commissioner for Cleveland and Group

Report on the financial statements

Opinion

We have audited the financial statements of the Police and Crime Commissioner for Cleveland (PCC) and the Group for the year ended 31 March 2020, which comprise the PCC and Group Movement in Reserves Statement, the PCC and Group Comprehensive Income and Expenditure Statement, the PCC and Group Balance Sheet, the PCC and Group Cash Flow Statement, the Group Police Pension Fund Statement and Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. 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 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Cleveland and Group as at 31st March 2020 and of the Police and Crime Commissioner for Cleveland and Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Police and Crime Commissioner for Cleveland and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of land and buildings and pension fund property assets

We draw attention to note 5 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the PCC and Group's land and buildings and the valuation of the PCC and Group's share of Teesside Pension Fund's property assets. As disclosed in note 5 of the financial statements, the PCC and Group and Pension Fund's valuers included a 'material valuation uncertainty' declaration within their report as a result of the Covid-19 pandemic creating a shortage of relevant market evidence upon which to base their judgements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Police and Crime Commissioner for Cleveland and Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of 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 2019/20, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Police and Crime Commissioner for Cleveland and Group is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Police and Crime Commissioner for Cleveland and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Authority's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice
We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on the Police and Crime Commissioner for Cleveland's arrangements for securing economy, efficiency and effectiveness in the use of resources

Qualified conclusion – Adverse
On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are not satisfied that, in all significant respects, the Police and Crime Commissioner for Cleveland has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

Basis for qualified conclusion
We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in April 2020, as to whether the Police and Crime Commissioner for Cleveland had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Police and Crime Commissioner for Cleveland put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2020.

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 Police and Crime Commissioner for Cleveland had put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

In seeking to satisfy ourselves that the Police and Crime Commissioner for Cleveland has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we have considered reports issued by other regulators.

In September 2019, Her Majesty's Inspectorate for Constabulary and Fire and Rescue Services (HMICFRS) issued their latest Police Efficiency, Effectiveness and Legitimacy (PEEL) assessment in relation to Cleveland Police. The overall assessment from HMICFRS was that Cleveland Police's performance was inadequate and had declined considerably since the last assessment. Key causes of concern were identified as prioritising crime prevention, protecting vulnerable people, understanding demand and strategic planning, community engagement, ethical behaviour and treatment of the workforce. As a result of the assessment, Cleveland Police have been placed into HMICFRS's national oversight process.

The Chief Constable for Cleveland has produced a 'Road to Improvement Plan' to address the findings from the HMICFRS Report, and actions have been prioritised to address the most pressing areas of concern first. However, the significance of the issues identified means that it will take time to secure the improvements needed, embed them into the normal ways of working within Cleveland Police and ensure that the changes are sustainable.

The findings of HMICFRS's reports relate to Cleveland Police Force, and are relevant to our consideration of the arrangements to achieve economy, efficiency and effectiveness of the Chief Constable for Cleveland. However, as it is a key role of the Police and Crime Commissioner for Cleveland to oversee the work of the Chief Constable for Cleveland and hold Cleveland Police to account, these matters are equally applicable to our conclusion in relation to the Police and Crime Commissioner for Cleveland.

These matters are evidence of weaknesses in proper arrangements for taking informed decisions, securing sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities, and working with partners and other third parties.

Responsibilities of the Police and Crime Commissioner for Cleveland

The Police and Crime Commissioner for Cleveland is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner for Cleveland has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner for Cleveland's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

Use of the audit report

This report is made solely to the Police and Crime Commissioner for Cleveland and Group, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Cleveland and Group, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of the Police and Crime Commissioner for Cleveland and Group in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Gavin Barker
Director
For and on behalf of Mazars LLP
Salvus House
Aykley Heads
Durham DH1 5TS

8 December 2020

mazars

Independent auditor's report to the Chief Constable for Cleveland

Report on the financial statements

Opinion

We have audited the financial statements of the Chief Constable for Cleveland (CC) for the year ended 31 March 2020, which 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 notes to the financial statements, including a summary of significant accounting policies. 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 2019/20.

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 2020 and of the Chief Constable for Cleveland's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Chief Constable for Cleveland in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of pension fund property assets

We draw attention to note 5 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Chief Constable's share of Teesside Pension Fund's property assets. As disclosed in note 5 of the financial statements, the Chief Constable and Pension Fund's valuers included a 'material valuation uncertainty' declaration within their report as a result of the Covid-19 pandemic creating a shortage of relevant market evidence upon which to base their judgements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable for Cleveland's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The Chief Finance Officer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements
As explained more fully in the Statement of 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 2019/20, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Chief Constable for Cleveland is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Chief Constable for Cleveland to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Authority's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice
We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or

- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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

Qualified conclusion – Adverse

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are not satisfied that, in all significant respects, the Chief Constable for Cleveland has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

Basis for qualified conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in April 2020, as to whether the Chief Constable for Cleveland had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Chief Constable for Cleveland put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2020.

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 their use of resources.

In seeking to satisfy ourselves that the Chief Constable for Cleveland has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we have considered reports issued by other regulators.

In September 2019, Her Majesty's Inspectorate for Constabulary and Fire and Rescue Services (HMICFRS) issued their latest Police Efficiency, Effectiveness and Legitimacy (PEEL) assessment in relation to Cleveland Police. The overall assessment from HMICFRS was that Cleveland Police's performance was inadequate and had declined considerably since the last assessment. Key causes of concern were identified as prioritising crime prevention, protecting vulnerable people, understanding demand and strategic planning, community engagement, ethical behaviour and treatment of the workforce. As a result of the assessment, Cleveland Police has been placed into HMICFRS's national oversight process.

The Chief Constable for Cleveland has produced a 'Road to Improvement Plan' to address the findings from the HMICFRS Report, and actions have been prioritised to address the most pressing areas of concern first. However, the significance of the issues identified means that it will take time to secure the improvements needed, embed them into the normal ways of working within Cleveland Police and ensure that the changes are sustainable.

These matters are evidence of weaknesses in proper arrangements for taking informed decisions, securing sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities, and working with partners and other third parties.

mazars

Responsibilities of the Chief Constable for Cleveland
The Chief Constable for Cleveland is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources
We are required under section 20(1)(c) 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 their use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable for Cleveland's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

Use of the audit report
This report is made solely to the Chief Constable for Cleveland, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for Cleveland, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate
We certify that we have completed the audit of the Chief Constable for Cleveland in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Gavin Barker
Director
For and on behalf of Mazars LLP
Salvus House
Aykley Heads
Durham DH1 5TS

8 December 2020