

Audit Completion Report

Office of the Police and Crime
Commissioner for Cleveland and the
Chief Constable for Cleveland

Year ended 31 March 2021

November 2021



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Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Police and Crime Commissioner for Cleveland and the Chief Constable for Cleveland are prepared for the sole use of the Police and Crime Commissioner for Cleveland and the Chief Constable for Cleveland and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.



Steve Turner, Police and Crime Commissioner for Cleveland
Richard Lewis, Chief Constable for Cleveland

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

5 November 2021

Dear Sirs

Audit Completion Report – year ended 31 March 2021

We are pleased to present our Audit Completion Report for the year ended 31 March 2021. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 25 March 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate. We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07896 684 771.

Yours faithfully

A handwritten signature in black ink that reads "Gavin Barker".

Gavin Barker
Director
Mazars LLP

Mazars LLP
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2020/21 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 04 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Net defined benefit liability valuation; and
- Valuation of property, plant and equipment (Group and PCC only).

Section 05 sets out internal control recommendations and section 6 sets out audit misstatements. Section 07 outlines our work on the PCC and CC's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2021 apart from those areas set out as outstanding in section 02. We will provide an update to you in relation to the matters outstanding through issuance of a follow-up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions.



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Value for Money

We are yet to complete our work in respect of the PCC and CC's arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021. We anticipate reporting a significant weakness and recommendation in relation to the inadequate rating following the HMICFRS inspection in September 2019. Further detail on our Value for Money work is provided in section 07 of this report.



Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Group and PCC's WGA submission. We are unable to commence our work in this area until such instructions have been received.



Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the PCC and CC and to consider any objection made to the accounts. No questions or objections have been received.









02

Section 02:

Status of the audit

2. Status of the audit

Our work is on-going; there are currently no matters of which we are aware that would require modification of our audit opinion, subject to completion of work in the areas detailed below.

| Audit area | Status | Description of the outstanding matters | |
|--|---|--|--|
| Net defined benefit liability (pensions) |  | We are awaiting of the letter of assurance from the auditor of the Teesside Pension Fund. |  Likely to result in material adjustment or significant change to disclosures within the financial statements. |
| Whole of Government Accounts |  | As noted in the previous section, we are unable to complete our work on the Group and PCC's WGA Return until we receive guidance from the NAO which is expected in December. |  Potential to result in material adjustment or significant change to disclosures within the financial statements. |
| Closing procedures |  | Review of the revised financial statements and consideration of any post balance sheet events. |  Not considered likely to result in material adjustment or change to disclosures within the financial statements. |

03

Section 03: **Audit approach**

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in March 2021. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £4.223m for the Group, £3.002m for the PCC and £3.877m for the CC using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements is £5.129m for the Group, £3.214m for the PCC and £4.768m for the CC using the same benchmark.

Use of experts

There are no changes to our planned approach since issuing our Audit Strategy Memorandum as set out below:

| Item of account | Management’s expert | Our expert |
|-------------------------------------|--|---|
| Defined benefit net liability | AON Hewitt (Actuary) for police and other employees. | Report commissioned by the National Audit Office from PwC in respect of actuaries nationally. |
| Property, Plant and Equipment (PPE) | Valuer - Sanderson Wetherall | We take into account relevant information available from third parties. |

Service organisations

There are no changes to our planned approach since issuing our Audit Strategy Memorandum as set out below

| Item of account | Service organisation | Our approach |
|---|----------------------|--|
| Back office services for all support functions. This includes all financial statements, control room functions, IT and HR. Note that this service was brought back in-house to Cleveland Police on 1 October 2020. | Sopra Steria. | We have full access to systems, therefore no additional procedures are required. |
| Payment of pension lump sums and monthly pension payroll to retirees under the Police Pension schemes. | XPS | Walkthrough of transactions as part of planning and testing of pensions at the year end. |



04

Section 04: **Significant findings**

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement 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 page 14 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;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risk – management override of controls

| | |
|---------------------------------|---|
| Management override of controls | Description of the risk |
| | This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. |
| | 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 there is a risk of material misstatement due to fraud on all audits. |
| | How we addressed this risk |
| | We addressed this risk through performing audit work over: |
| | <ul style="list-style-type: none">• accounting estimates impacting 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 |
| | There are no significant issues arising from our work that we are required to report to you. |

4. Significant findings

Significant risk - Net defined benefit liability (pensions)

| | |
|--|---|
| Net defined benefit liability (pensions) | Description of the risk |
| | The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement. |
| | How we addressed this risk |
| | <p>We:</p> <ul style="list-style-type: none">evaluated the management controls you have in place to assess the reasonableness of the figures provided by the Actuary;considered the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally.reviewed the appropriateness of the key assumptions included within the valuations, compared them to expected ranges and reviewed the methodology applied in the valuation;considered the adequacy of the pensions disclosures in the financial statements; andsought assurances from the auditor of the Teesside Pension Fund. |
| | Audit conclusion |
| | <p>Our work is on-going, with the following key areas outstanding:</p> <ul style="list-style-type: none">receipt and consideration of the assurance from the Pension Fund auditor; and <p>We will provide an update on the outstanding matters in our follow-up letter.</p> |



4. Significant findings

Significant risk – Valuation of land and buildings

| | |
|--|--|
| Valuation of land and buildings Group and PCC only | Description of the risk |
| | The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the PCC's land and buildings. Although the PCC and Group use a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of land and buildings due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the valuation of land and buildings to be an area of significant risk. |
| | How we addressed this risk |
| | <p>We:</p> <ul style="list-style-type: none">assessed the arrangements for ensuring that property, plant and equipment valuations are reasonable and not materially misstated;assessed the basis of valuations, using third party trend data where appropriate, as part of our challenge of the reasonableness of the valuations provided by Valuers; andconsidered the competence, skills and experience of the Valuers and the instructions issued to the Valuers. |
| | Audit conclusion |
| | There are no significant issues arising from our work that we are required to report to you. |



4. Significant findings

Qualitative aspects of the Group and PCC and Chief Constable’s accounting practices

We have reviewed the PCC and CC’s accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the PCC and CC’s circumstances.

Draft accounts were received from the PCC and CC on 5 July 2021, ahead of the revised statutory deadline and were of a good quality, supported by comprehensive working papers.

Significant matters discussed with management

There were no significant matters discussed with management.

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.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2020/21 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections or questions have been raised with us.



05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have 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 controls or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal controls we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our work has not identified any significant deficiencies in our 2020/21 audit to report, and there were none in 2019/20 to follow up.



06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £0.154 million for the Group, £0.096 million for the PCC and £0.143m for the CC. There were no adjusted misstatements above the trivial threshold. Unadjusted misstatements above the trivial threshold are set out below followed by disclosure amendments.

| Unadjusted misstatements | | Comprehensive Income and Expenditure Statement | | Balance Sheet | |
|---|---|--|------------|---------------|------------|
| Group | | Dr (£'000) | Cr (£'000) | Dr (£'000) | Cr (£'000) |
| 1 | Cr: Other long term liabilities (pension liability) Dr: Unusable Reserves Cr: Movement in reserves Statement Dr: Re-measurement of the net defined liability | | | | |
| | | | 270 | 270 | |
| | | 270 | | | 270 |
| The pension fund assets in the financial statements are based on estimates rather than actuals. This results in an overstatement of assets in the financial statements of the Group. The impact on the PCC financial statements is trivial. | | | | | |
| Total unadjusted misstatements | | 270 | 270 | 270 | 270 |
| Chief Constable | | | | | |
| 1 | Cr: Other long term liabilities (pension liability) Dr: Unusable Reserves Cr: Movement in reserves Statement Dr: Re-measurement of the net defined liability | | | | |
| | | | | 190 | 190 |
| | | | 190 | | |
| | | 190 | | | |
| The pension fund assets in the financial statements are based on estimates rather than actuals. This results in an overstatement of assets in the financial statements for the Chief Constable. | | | | | |
| Total unadjusted misstatements | | 190 | 190 | 190 | 190 |

6. Summary of misstatements

Disclosure amendments

Our audit work identified a number of amendments to disclosures and accounting policies, most of which were minor. The most significant are summarised below and all have been adjusted in the financial statements.

- **Group and PCC Note 8 Adjustments between accounting basis and funding basis under regulations:** Capital expenditure charged to the general fund balance totalling £5.91m has been omitted from note 8 'Adjustments between accounting basis and funding basis under regulations'. This changes the overall total from £103.011m to £97.101m and impacts on the respective line within the Movement in Reserves Statement. This does not impact on the closing balance of any usable reserves. This was also an error in 2019/20 with a corresponding amendment of £4.202m therefore a prior period adjustment has been made.
- **Group and PCC Note 12 Property, plant and equipment:** Non-enhancing capital expenditure of £1.372m should be included as a capital addition to asset values and treated as a revaluation loss where the valuer determines that it has not added any value to the asset. The PCC has included the entry to the CIES but not recognised the addition and revaluation loss in the PPE note. This also affects note 8 'Adjustments between accounting basis and funding basis under regulations' as the amount is currently shown under 'capital expenditure charged to the general fund balance' but should now be shown within the 'depreciation and impairment of fixed assets' line.
- **Group and PCC Note 32 Usable reserves:** Figures for receipts & payments in year to be amended to be consistent with note 9. Opening & closing balances remain the same.
- **Group and PCC Note 16 Cash and cash equivalents:** The code requires notes to provide a commentary on balances held by the body but not part of the accounts. Additional narrative has been added to show balances relating to the proceeds in crime and seized cash accounts.
- **Group and PCC Note 5 Assumptions made about the future and other major sources of estimation uncertainty:** The note refers to a material valuation uncertainty in property, plant and equipment valuations. This no longer applies for 2020/21. The note have been amended.
- **Group and PCC Movement in Reserves Statement and Note 32 Usable Reserves:** Earmarked reserves for 2019/2020 had been restated in the 2020/21 financial statements in terms of the split between revenue and capital although the overall total was the same. This was subsequently amended to reflect the audited figures in 2019/20 financial statements. There were also amendments to 2019/20 figures in note 32 Usable Reserves.



07

Section 07: **Value for Money**

7. Value for Money

Approach to Value for Money

We are required to consider whether the PCC and CC have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - how the PCC and CC plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - how the PCC and CC ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - how the PCC and CC uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the PCC and CC have in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

Status of our work

In acknowledgement of the additional pressures on local government bodies and their auditors as a result of the pandemic, in April 2021, the National Audit Office updated its guidance for auditors and amended the timetable for reporting on VFM arrangements. Auditors are now required to issue the Auditor's Annual Report for local government bodies, including the new commentary required on VFM no later than three months after the auditor's report on the financial statements is signed.

To allow our firm to complete its quality assurance and consistency processes, and to ensure appropriate VFM reporting across our local government clients in the first year of the new approach to VFM under the Code of Audit Practice 2020, we propose to take advantage of the extended deadline, meaning that we will now report on VFM at a later date. Consequently, we are yet to complete our work in respect of the PCC and CC's VFM arrangements for the year ended 31 March 2021.

One consequence of not completing our VFM work at this stage, is that we will be unable to issue our audit certificate which formally concludes and closes the audit, and this delay is highlighted in the draft audit report at Appendix B. We have already issued an Audit Letter setting out the reasons why we are not issuing our Auditor's Annual Report and VFM commentary at the same time as our audit report.

We will report the outcome of our work on the PCC and CC's VFM arrangements in our commentary on those arrangements within the Auditor's Annual Report. We plan to present the Auditor's Annual Report to the Joint Independent Audit Committee and to the PCC and CC in due course. We will also issue an audit completion certificate and this will set out any matters which we are required to report by exception in the form of significant weaknesses identified and recommendations for improvement.



7. Value for Money

Risks of significant weaknesses identified to date

At the time of reporting, we are unable to confirm identified significant weaknesses or recommendations as our work is still subject to internal quality assurance processes and further discussion with management. However, the areas of significant weaknesses in the PCC and CC’s arrangements that we are expecting to report in our Auditor’s Annual Report and as exceptions in the final audit certificate are shown below.

| Risk of significant weakness in arrangements | Financial sustainability | Governance | Improving the 3Es | Work undertaken and conclusions reached |
|---|--------------------------|------------|-------------------|--|
| <div>1</div> <div>HMIC FRS Inspections</div> <div>The Force is subject to an extensive inspection regime by Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The most recent report was published in September 2019 with an overall assessment that Cleveland Police’s performance is inadequate and has declined considerably since its last inspection. The Force has therefore been placed into their national oversight process.</div> <div>Although we recognise that the CC has started to address many of these concerns, 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.</div> <div>Therefore, we consider this to be a risk.</div> | ● | ● | ● | <div>Work undertaken</div> <div>We note that there has been significant progress made which has been recognised by HMICFRS but there is still much to do and it will take some time to embed the new arrangements that have been put in place.</div> <div>Overall, Cleveland Police remains in the engage phase of the HMICFRS monitoring process, at least until the HMICFRS next review period so there is no change in the overall rating as noted in 2019/20.</div> <div>Overall conclusions</div> <div>As noted on the previous page, our work is not yet complete. However, we expect to report in our Auditor’s Annual Report that this represents a significant weakness in arrangements and make a recommendation for improvement. We do not anticipate that our recommendation will go beyond highlighting the importance of delivering the improvements and actions that have already been agreed with HMICFRS.</div> |

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter – Office of the Police and Crime Commissioner for Cleveland and Group

Mr Gavin Barker
Director
Mazars LLP

Date:

Office of the Police and Crime Commissioner for Cleveland and the Group - audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of Office of the Police and Crime Commissioner for Cleveland and the Group (the PCC and Group) for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

I confirm that the following representations, to the best of my knowledge and belief, 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 financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

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 financial statements 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 PCC and Group 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 PCC and committee meetings, have been made available to you.



Appendix A: Draft management representation letter (PCC and Group)

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the PCC and Group’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 PCC and Group in making accounting estimates, including those measured at current or 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 PCC and Group 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 Code and applicable law.

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.

The PCC and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.



Appendix A: Draft management representation letter (PCC and Group)

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 financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the PCC and Group 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 PCC and Group’s financial statements 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 Code and applicable law. I have disclosed to you the identity of the PCC and Group’s related parties and all related party relationships and transactions of which I am aware.

Charges on assets

All the PCC and Group’s assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

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.

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2020/21 in relation to the PCC and Group’s PFI schemes that you have not been made aware of.



Appendix A: Draft management representation letter (PCC and Group)

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, 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.

Going concern

I confirm that I have carried out an assessment of the potential impact of the COVID-19 Virus pandemic on the PCC and Group, including the impact of mitigation measures and uncertainties and I am satisfied that the going concern assumption remains appropriate and that no material uncertainty has been identified.

To the best of my knowledge there is nothing to indicate that the PCC and Group will cease to continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the financial statements.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. These are attached in Appendix A.

Yours faithfully

Chief Finance Officer :

Date:

.



Appendix A: Draft management representation letter – Chief Constable for Cleveland

Mr Gavin Barker
Director
Mazars LLP

Date:

Chief Constable for Cleveland - audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of Chief Constable for Cleveland (Chief Constable) for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

I confirm that the following representations, to the best of my knowledge and belief, 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 financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

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 financial statements 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 Chief Constable 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 Chief Constable and committee meetings, have been made available to you.

| | | | | | | | |
|-------------------|-----------------|----------------|----------------------|----------------------------------|--------------------------|-----------------|------------|
| Executive summary | Status of audit | Audit approach | Significant findings | Internal control recommendations | Summary of misstatements | Value for Money | Appendices |
|-------------------|-----------------|----------------|----------------------|----------------------------------|--------------------------|-----------------|------------|

Appendix A: Draft management representation letter (Chief Constable for Cleveland)

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code 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 current or 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 Code and applicable law.

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.

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



Appendix A: Draft management representation letter (Chief Constable for Cleveland)

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 financial statements 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 financial statements 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 Code and applicable law. 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.

Charges on assets

All the Chief Constable’s assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

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.



Appendix A: Draft management representation letter (Chief Constable for Cleveland)

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, 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.

Going concern

I confirm that I have carried out an assessment of the potential impact of the COVID-19 Virus pandemic on the Chief Constable, including the impact of mitigation measures and uncertainties and I am satisfied that the going concern assumption remains appropriate and that no material uncertainty has been identified.

To the best of my knowledge there is nothing to indicate that the Chief Constable will cease to continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the financial statements.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. These are attached in Appendix A.

Yours faithfully

Chief Finance Officer :

Date:

.



Appendix B: Draft audit report (Group and PCC)

Independent auditor’s report to the Office of the Police and Crime Commissioner for Cleveland and Group

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of the Office of the Police and Crime Commissioner for Cleveland and Group (Group and PCC) for the year ended 31 March 2021, which comprise the Group and PCC Comprehensive Income and Expenditure Statements, the Group and PCC Movement in Reserves Statements, the Group and PCC Balance Sheets, the Group and PCC Cash Flow Statement, the Group Police Pension Fund 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 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Group and PCC as at 31st March 2021 and of the Group and PCC’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 2020/21.

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 Group and PCC 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the the Chief Finance Officer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and PCC’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the te Chief Finance Officer with respect to going concern are described in the relevant sections of this report.



Appendix B: Draft audit report (Group and PCC)

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 2020/21, 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 2020/21 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Group and PCC will continue in operational existence for the foreseeable future. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Group and PCC 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Group and PCC, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.



Appendix B: Draft audit report (Group and PCC)

We evaluated the Chief Finance Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the PCC, the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Group and PCC which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the PCC on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the PCC. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

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



Appendix B: Draft audit report (Group and PCC)

Report on the PCC’s arrangements for securing economy, efficiency and effectiveness in the use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view, we are not satisfied that the PCC has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2021.

We have not completed our work on the PCC’s arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not reported any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the PCC’s arrangements in our commentary on those arrangements within the Auditor’s Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Office of the Police and Crime Commissioner for Cleveland

The PCC is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the 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 PCC has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. We are not required to consider, nor have we considered, whether all aspects of the PCC’s arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

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.



Appendix B: Draft audit report (Group and PCC)

Use of the audit report

This report is made solely to the Office of the Police and Crime Commissioner 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 the Office of the Police and Crime Commissioner for Cleveland 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 Office of the Police and Crime Commissioner for Cleveland, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Group's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the PCC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Gavin Barker
Director
For and on behalf of Mazars LLP

The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

November 2021



Appendix B: Draft audit report (Chief Constable)

Independent auditor’s report to the Chief Constable for Cleveland

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Chief Constable for Cleveland (Chief Constable) for the year ended 31 March 2021, which comprise the Chief Constable’s Comprehensive Income and Expenditure Statement, the Chief Constable’s Movement in Reserves Statement, the Chief Constable’s Balance Sheet, the Chief Constable’s Cash Flow Statement, the Chief Constable’s Police Pension Fund 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 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31st March 2021 and of the Chief Constable’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 2020/21.

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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the the Chief Finance Officer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.



Appendix B: Draft audit report (Chief Constable)

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 2020/21, 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 2020/21 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Chief Constable will continue in operational existence for the foreseeable future. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Chief Constable to prepare their 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Chief Constable, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.



Appendix B: Draft audit report (Chief Constable)

We evaluated the Chief Finance Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Chief Constable, the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Chief Constable which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Chief Constable on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Chief Constable. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

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

Appendix B: Draft audit report (Chief Constable)

Report on the Chief Constable’s arrangements for securing economy, efficiency and effectiveness in the use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view, we are not satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2021.

We have not completed our work on the Chief Constable’s arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not reported any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Chief Constable’s arrangements in our commentary on those arrangements within the Auditor’s Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Chief Constable for Cleveland

The Chief Constable is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the 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 has made proper arrangements for securing economy, efficiency and effectiveness in the 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.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

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.



Appendix B: Draft audit report (Chief Constable)

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 the Chief Constable for Cleveland 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.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Group's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Gavin Barker
Director
For and on behalf of Mazars LLP

The Corner
Bank Chambers
26 Mosley Street
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November 2021



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.



Appendix D: Other communications

| Other communication | Response |
|--------------------------------------|--|
| Compliance with laws and regulations | We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed. |
| External confirmations | We did not experience any significant issues with respect to obtaining external confirmations. |
| Related parties | <p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none">a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; andb. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework. |
| Going concern | <p>We have not identified any evidence to cause us to disagree with the Chief Finance Officers that the Group and PCC and Chief Constable will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p> |

Appendix D: Other communications

| Other communication | Response |
|--------------------------|---|
| Subsequent events | <p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p> |
| Matters related to fraud | <p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the PCC and Chief Constable confirming that</p> <ul style="list-style-type: none">a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud;c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:<ul style="list-style-type: none">i. management;ii. employees who have significant roles in internal control; oriii. others where the fraud could have a material effect on the financial statements; andd. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others. |

Gavin Barker, Director

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Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.