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Matt Storey, Police and Crime Commissioner for  
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Date: 10 June 2024

Dear Police and Crime Commissioner / Chief Constable

## **Cleveland Police, PCC and CC – Follow Up Letter to the Audit Completion Report 2022/23**

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 19 September 2023 and including any other matters arising since that date.

The outstanding matters and the conclusions we reached are detailed below:

Matter	Update/conclusion reached	Status
Significant risk: Property, plant and equipment	<b>Valuations</b> We have completed our work and there are no matters to report.	Complete
IT Controls	We have completed our work and there are no matters to report.	Complete
Disclosures and other areas	<b>Narrative Statement (Group and PCC)</b> Non-trivial error of £324k on the decrease in provision of service and taxation of non-specific funding on page 4. <b>Cashflow Statement (Group and PCC)</b> The net increase/decrease of investments for 2021/22 totalling £4.5m should be shown in investment activities not financing activities. This was restated including the heading and description. Interest received totalling £3.003m and interest paid of £317k should be recognised in operating activities rather than investing activities. This was amended including a restatement of the prior year's figures.	Completed

Matter	Update/conclusion reached	Status
	<p><b>Note 2: Expenditure and Funding Analysis</b></p> <p>Amounts relating to the surplus/deficit on provision of services were omitted for both years. For 2023/24, this was £147k and for 2022/23, this was £2,520k. This is a presentational issue only not an error.</p> <p><b>Note 29 Capital Expenditure in year and sources of finance</b></p> <p>Government Grants and Contributions amount of £1,105k should be treated as direct revenue contribution in line with note 8 which is shown as capital expenditure charged to the General Fund Balance.</p>	Completed
Significant risk: Pensions	<p><b>Pension fund assurance letter</b></p> <p>We reported that we were unable to complete our work on pensions as we were waiting for assurances from the pension fund auditor.</p> <p>We received the letter of assurance from the pension fund auditor on 22 April 2024 and have now completed our work.</p> <p>The Pension Fund auditor reported to us that the asset values submitted to the actuary were overstated by £25.009m. In addition, there was significant doubt about a further £11.85m which may also be overstated.</p> <p>The Group's share of the overstatement is 3.95% which is £1.456m. This is not material for the Group.</p> <p>The PCC's share of the overstatement is 0.29%, which is £107k. This is not material for the PCC.</p> <p>The Chief Constable's share of the overstatement is 3.66% which is £1.349m. This is not material for the Chief Constable.</p> <p>As these are not material, no adjustment has been made in the financial statements. The total of unadjusted misstatements are shown in Appendix 1.</p> <p><b>Pension asset classification in the balance sheet</b></p> <p>The local government pension asset consists of £17.181m for the Group, £1.935m for the PCC and £15.246m for the Chief Constable. In the balance sheet, this has been netted off against the overall pensions liability. This is incorrect. It should be shown as a separate line in the balance sheet: 'Other Long Term Assets – Pension Fund'.</p> <p>The financial statements have been amended for this error. This is shown as an Adjusted Misstatement in Appendix 1.</p> <p><b>Pensions disclosure notes</b></p> <p>Note 20: Group prior year 2021/22 figures for other the local government pension scheme - employment benefits charged to the CIES showed the incorrect signage:</p> <ul style="list-style-type: none"> <li>• Return on plan asset was (£13,553k) but should be (£17,343k);</li> <li>• Actuarial gains/losses financial assumptions was (£6,909k) but should be (7,013k);</li> <li>• Actuarial gains/losses demographic assumptions was (£11,236k) but should be (12,454k); and</li> </ul>	Completed


Matter	Update/conclusion reached	Status
	<ul style="list-style-type: none"> <li>Actuarial gains/losses liability experience was £6,035 but should be 6,173k.</li> </ul> <p>The total for post employment benefits changes from (£11,068k) to (£16,042k).</p> <p>Note 20: Group prior year 2021/22 figures for other the police pension scheme - employment benefits charged to the CIES showed the incorrect signage:</p> <ul style="list-style-type: none"> <li>Return on plan asset was £116,206k but should be (£116,206k);</li> <li>Actuarial gains/losses financial assumptions was £116,206 but should be (116,206k);</li> <li>Actuarial gains/losses demographic assumptions was £18,450k but should be (18,450k); and</li> <li>Actuarial gains/losses liability experience was (£5,778k) but should be £5,778k.</li> </ul> <p>The group total for post employment benefits changes from (£212,543k) to (£45,213k).</p> <p>The overall group totals in the table for 2021/22 have been amended accordingly.</p> <p>Note 20: PCC prior year 2021/22 figures for other the local government pension scheme - employment benefits charged to the CIES showed the incorrect signage:</p> <ul style="list-style-type: none"> <li>Return on plan asset was £1,895k but should be (£1,895k);</li> <li>Actuarial gains/losses financial assumptions was £52k but should be (52k);</li> <li>Actuarial gains/losses demographic assumptions was £609k but should be (£609k); and</li> <li>Actuarial gains/losses liability experience was (£69k) but should be 69k.</li> </ul> <p>The PCC total for post employment benefits changes from £3,142k to (£1,832k).</p> <p>Note 20: PCC 2022/23 figures for other the local government pension scheme - employment benefits charged to the CIES showed the incorrect signage:</p> <ul style="list-style-type: none"> <li>Return on plan asset was (£180k) but should be £180k;</li> <li>Actuarial gains/losses financial assumptions was £8,007k but should be (8,007k);</li> <li>Actuarial gains/losses demographic assumptions was £109k but should be (109k); and note has omitted the amounts relating to the Chief Constable for (£1,424k); and</li> <li>Actuarial gains/losses liability experience was (£1,098k) but should be (£1,098k).</li> </ul> <p>The total for post employment benefits changes from £7,408k to (£6,268k).</p>	Completed


Matter	Update/conclusion reached	Status
	<p>This impacts on the overall Group figures and the total post-employment benefits amounts charged to the CIES changes from (£67,839k) to (£82,830k).</p> <p><u>Pensions liability</u></p> <p>Chief Constable Note 14: Amounts were incorrect as they were apportioned on percentages rather than the actuals in the IAS19 Actuary Report, as follows:</p> <ul style="list-style-type: none"> <li>• Equity was shown as £155,634k but should be £156,576k;</li> <li>• Property was shown as £16,675k but should be £16,270k; and</li> <li>• Cash was shown as £12,969k but should be £12,332k.</li> </ul> <p>Prior year differences were trivial.</p> <p>This results in corresponding changes in the group tables. The only other non-trivial change is the equities figure for the PCC in note 21 for the prior year 2021/22 which was shown as £10,844k but should be £11,119k.</p> <p>Projected service costs were removed from the sensitivity analysis for the Group and PCC, and Chief Constable as they are not required.</p>	Completed
Review and closure processes, including checking the amended version of the financial statements produced by finance as a result of our audit.	We are awaiting the final signed version of the financial statements. Once received we will undertake our final closure procedures including a review of the management representation letter and post balance sheet events.	Ongoing

### Status of our audit work




At the time of preparing this update letter, we anticipate issuing an unqualified audit opinion, without modification, on the financial statements.

At the time of preparing this update letter, the following matters remain outstanding.

Audit area	Status	Description of outstanding matters
Value for money commentary		We have completed our work in respect of the PCC and the Chief Constable's arrangements for the year ended 31 March 2023 and will issue our Auditor's Annual Report as soon as we have issued our audit opinion on the financial statements.

Audit area	Status	Description of outstanding matters
WGA		Following completion of our accounts audit, we will submit our WGA return for 2022/23 but we are unable to complete our work and issue our audit certificate until the National Audit Office informs us whether any additional procedures will be required for Cleveland Police for 2022/23. We are expecting confirmation of this by the end of November 2024.

**Status**

-  Likely to result in material adjustment or significant change to disclosures within the financial statements
-  Potential to result in material adjustment or significant change to disclosures within the financial statements
-  Not considered likely to result in material adjustment or change to disclosures within the financial statements

A schedule of total unadjusted misstatements above the trivial threshold are set out in Appendix 1. A summary of adjusted misstatements to the primary statements is also included in Appendix 1. These need to be included in your signed letters of representation which are set out in Appendix 3.

Appendix 2 sets out our draft audit reports for the Group & PCC, and the Chief Constable.

We will inform the Joint Independent Audit Committee of any further matters when we have completed the whole of government accounts formally closing the audit of the Office for the Police and Crime Commissioner and Chief Constable for Cleveland for 2022/23.

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

Yours faithfully

*Gavin Barker*

**Gavin Barker**  
Audit Director – Public Services

## APPENDIX 1 – SCHEDULE OF TOTAL UNADJUSTED MISSTATEMENTS

There are no misstatements that were identified during the course of our audit which management has assessed as being material either individually or in aggregate to the financial statements and the accounts were not adjusted for these misstatements.

### Summary of Uncorrected misstatements – Group & PCC

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Cr: Other Long Term Assets – Pension Fund Dr: Unusable Reserves Cr: Movement in reserves Statement Dr: Actuarial (gains)/losses on pension assets  GROUP: Overstatement of assets in the financial statements due to misstatements identified by the pension fund auditor. Management has determined not to amend the financial statements because this adjustment is not material.	1,456	-1,456	1,456	-1,456

### Summary of Uncorrected misstatements – CC

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Cr: Other Long Term Assets – Pension Fund Dr: Unusable Reserves Cr: Movement in reserves Statement Dr: Actuarial (gains)/losses on pension assets  Chief Constable: Overstatement of assets in the financial statements due to misstatements identified by the pension fund auditor. Management has determined not to amend the financial statements because this adjustment is not material.	1,349	-1,349	1,349	-1,349

## APPENDIX 1 – SUMMARY OF ADJUSTED MISSTATEMENTS TO THE PRIMARY STATEMENTS

### Adjusted misstatements – PCC & Group

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Other Long Term Assets – Pension Fund Cr: Other Long Term Liabilities – Pension Liability  GROUP: Adjustment to accounts for the correct classification of LGPS asset. Initially, the accounts had netted the LGPS pension scheme asset against the PPS pension scheme asset. As schemes are not directly comparable, each scheme should be treated separately on the balance sheet.			17,181	17,181

### Adjusted misstatements – CC

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Other Long Term Assets – Pension Fund Cr: Other Long Term Liabilities – Pension Liability  Chief Constable: Adjustment to accounts for the correct classification of LGPS asset. Initially, the accounts had netted the LGPS pension scheme asset against the PPS pension scheme asset. As schemes are not directly comparable, each scheme should be treated separately on the balance sheet.			15,246	15,246

## **APPENDIX 2 – DRAFT AUDIT REPORTS 2022/23**

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

#### **Report on the audit of the financial statements**

##### **Opinion on the financial statements**

We have audited the financial statements of the Police and Crime Commissioner for Cleveland and Group (the PCC and Group) for the year ended 31 March 2023, 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 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the PCC and Group as at 31st March 2023 and of the PCC 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 2022/23 as amended by the Code Update.

##### **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 PCC 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.

##### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that 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, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the PCC and Group'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 Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

##### **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. The Chief Finance Officer is responsible for the other information. 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 the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, 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 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis, on the assumption that the functions of the PCC and Group 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 PCC 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 PCC and Group, 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.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the PCC, as to whether the PCC and Group is in compliance with laws and regulations, and discussing their 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 PCC and the Group which were contrary to applicable laws and regulations, including fraud.

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 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 February 2023.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on the PCC's arrangements for securing economy, efficiency, and effectiveness in its 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 its use of resources for the year ended 31 March 2023.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in January 2023, we have identified the following significant weakness in the PCC's arrangements for the year ended 31 March 2023.

In September 2023 we identified a significant weakness in relation to financial sustainability and improving economy, efficiency and effectiveness for the 2021/22 year. In our view this significant weakness remains for the year ended 31 March 2023:

Significant weakness in arrangements – issued in a previous year	Recommendation
In 2021/22 HMICFRS assessed the Force as “inadequate” in preventing crime and good use of resources. In our view, HMICFRS’ concerns represent a significant weakness in the arrangements of the Police and Crime Commissioner in relation to Financial Sustainability and Improving Economy, Efficiency and Effectiveness.	We recommend that the Police and Crime Commissioner monitors and reports on the progress made by the Chief Constable to address the causes of concern in relation to ‘preventing crime’ and ‘good use of resources’ to ensure that the Chief Constable implements the recommendations made in the HMICFRS inspection report.

## **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 its 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 its 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 its 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 January 2023.

## **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.

## **Use of the audit report**

This report is made solely to 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 PCC 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 PCC 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 PCC and Group's Whole of Government Accounts consolidation pack.

Gavin Barker  
Director  
For and on behalf of Forvis Mazars LLP

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

*DATE (TBC)*

## **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 (the Chief Constable) for the year ended 31 March 2023, 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 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31st March 2023 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 2022/23 as amended by the Code Update.

#### **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 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, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, 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 Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

#### **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. The Chief Finance Officer is responsible for the other information. 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.

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To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Chief Constable, as to whether the Chief Constable is in compliance with laws and regulations, and discussing their 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.

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 in relation to fraud included but were not limited to:

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- 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 February 2023.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on the Chief Constable's arrangements for securing economy, efficiency, and effectiveness in its 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 its use of resources for the year ended 31 March 2023.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in January 2023, we have identified the following significant weakness in the Chief Constable's arrangements for the year ended 31 March 2023.

In September 2023 we identified a significant weakness in relation to financial sustainability and improving economy, efficiency and effectiveness for the 2021/22 year. In our view this significant weakness remains for the year ended 31 March 2023:

Significant weakness in arrangements – issued in a previous year	Recommendation
In 2021/22 HMICFRS assessed the Force as "inadequate" in preventing crime and good use of resources. In our view, HMICFRS' concerns represent a significant weakness in the arrangements of the Chief Constable in relation to Financial Sustainability and Improving Economy, Efficiency and Effectiveness.	We recommend that the Chief Constable should address the causes of concern in relation to 'preventing crime' and 'good use of resources' and implement the recommendations made in the HMICFRS inspection report.

### **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 its 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 its 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 its 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 January 2023.

#### **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.

#### **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 members of the Chief Constable 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 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.

Gavin Barker  
Director  
For and on behalf of Forvis Mazars LLP

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

*DATE (TBC)*

## **APPENDIX 3 – DRAFT LETTERS OF REPRESENTATION**

### **Office of the Police and Crime Commissioner for Cleveland and Group**

Gavin Barker  
Forvis Mazars LLP  
The Corner  
Bank Chambers  
26 Mosley Street  
Newcastle upon Tyne  
NE1 1DF

zz June 2024

Dear Gavin

### **Office of the Police and Crime Commissioner for Cleveland and Group - audit for year ended 31 March 2023**

This representation letter is provided in connection with your audit of the financial statements of the Office of the Police and Crime Commissioner for Cleveland and the Group (the PCC and Group) for the year ended 31 March 2023 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 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (“the Code Update”), published in November 2022.

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

#### **My responsibility for the 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.

#### **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 relevant committee meetings, have been made available to you.

#### **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with the 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 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 Code.

### **Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom. We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

### **Fraud and error**

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

- All the results of my assessment of the risk that the 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. 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.

### **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 and intangible assets below their carrying value at the statement of financial position date. An impairment review is therefore not considered necessary.

**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.

**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.

**Ukraine**

We confirm we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the PCC and Group and there is no significant impact on the PCC and Group's operations from restrictions or sanctions in place.

**Global Banking Challenges**

We confirm that we have assessed the impact on the Authority of the on-going Global Banking challenges, in particular whether there is any impact on the Authority's ability to continue as a going concern, and on the post balance sheet events disclosures.

We confirm that our exposure (either direct cash exposure or direct / indirect through investments) with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation, is not material.

**Reinforced Autoclaved Aerated Concrete**

I confirm we have assessed the potential impact of Reinforced Autoclaved Aerated Concrete on the PCC, and in particular whether there are indications of a need for an impairment of the PCC's property, plant and equipment. I confirm there are no such indications of impairment in those assets.

**Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the Code 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 am satisfied 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 not 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 accounts.

**Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the PCC and Group's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

**Unadjusted misstatements**

I confirm that the effects of any uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix (if required)

Yours sincerely

Chief Finance Officer to the Police and Crime Commissioner

**Chief Constable for Cleveland**

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

zz June 2024

Dear Gavin

**Chief Constable for Cleveland - audit for year ended 31 March 2023**

This representation letter is provided in connection with your audit of the financial statements of the Chief Constable for Cleveland (the Chief Constable) for the year ended 31 March 2023 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 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

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- Unrestricted access to individuals within the Chief Constable you determined it was necessary to contact in order to obtain audit evidence.

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I confirm that I have reviewed the accounting policies applied during the year in accordance with the 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.

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

## Contingencies

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Yours sincerely

Chief Finance Officer to the Chief Constable