

**Report of the Chief Finance Officer for the PCC to the Chair
and Members of Audit Committee
19th February 2025**

**Executive and Presenting Officer: Mr M Porter, PCC CFO
Status: For Decision**

Title: Statement of Accounts 2023/24

1 Purpose

1.1 The purpose of this report is to enable Members of the Joint Independent Audit Committee to discharge their responsibilities in relation to the Statement of Accounts for the PCC and CC as set out in the Terms of Reference for the Committee, which are specifically to:

- Review the Annual Statement of Accounts and make recommendations or bring to the attention of the PCC or CC, any concerns or issues.
- Consider whether appropriate accounting policies have been followed and any changes to them.

1.2 In addition to these responsibilities the Terms of Reference also contain the following, which can be discharged through items elsewhere on today's agenda, but which are linked to the Statement of Accounts process:

- Reviewing the external auditor's Annual Audit Report and any other reports.
- Reporting on these to the PCC and Chief Constable of Cleveland Police as appropriate and including progress on the implementation of agreed recommendations.
- Reviewing External Auditor's Annual Audit Letter and making recommendations as appropriate to the PCC and Chief Constable of Cleveland Police.

1.3 Attached to this report are the Statement of Accounts for the Group and PCC, and also the Accounts for the Chief Constable, while also included on today's agenda are the External Auditors Annual Audit Report and the Audit Completion Report.

2 Recommendations

Members are asked:

- 2.1 Consider whether there are any concerns arising from the financial statements, which are appended to this report, or from the Audit that need to be brought to the attention of the PCC and/or Chief Constable prior to them formally signing off the accounts.
- 2.2 To review the accounting policies as set out in the Statement of Accounts. These policies are used consistently throughout the sets of accounts attached to this report.
- 2.3 To note that on 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the PCC and Group to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').
- 2.4 To note that the accounts pending to this report are 'Qualified' by the External Auditors, as set out within their Audit Completion Report.
- 2.5 To note that the reason for this 'Qualification' is that the audit opinion for the Teesside Pension Fund will be disclaimed for 2023/24. As a consequence, there has been an impact on the audit report issued for the PCC and CC. This is completely out of the control of the organisation and something that we have no control over.

3 Reasons

- 3.1 Under the amended Account and Audit Regulations, local authorities, including Police and Crime Commissioners, are required to publish the unaudited Statement of Accounts for the financial year ending 31st March 2024 by 31 May 2024.
- 3.2 Members received the draft accounts at their meeting on the 27th June and the accounts were provided for Audit by the statutory deadline.
- 3.3 In line with the requirements to do so the public were given an opportunity to [inspect the accounts](#).
- 3.4 To note that since the draft accounts were provided the deadline for publishing the audited financial statements was brought forward as part of the consultation on the proposals from the 31st May 2025 to the 28th February 2025.

- 3.5 In undertaking a review of the Statement of Accounts the Audit Committees' role is essentially to provide assurance to the PCC and CC and to the wider stakeholder base that they conform to proper practices.
- 3.6 The Police Reform and Social Responsibility Act 2011 established both the PCC and CC as separate 'corporations sole' which has therefore necessitated the production of 2 sets of accounts. These are attached to this report as follows:
- Group and PCC Statement of Accounts – 2023/24
 - Chief Constable of Cleveland – Statement of Accounts 2023/24
- 3.7 The changes that have been made to the draft Statement of Accounts since authorisation by the CFOs in May, which were provided to Members of this Committee in draft at their June meeting along with the following summary financial overview, are referenced in the Audit Completion Report from the External Auditors which is included elsewhere on today's agenda.
- 3.8 None of the changes have impacted on the Outturn.
- 3.9 The External Auditors have concluded that in relation to the Accounts appended to this report 'In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements:
- give a true and fair view of the financial position of the PCC and Group as at 31st March 2024 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 2023/24.

3.10 Basis for Qualified Opinion

- 3.11 The External Auditors have set out the following qualification in relation to the accounts appended to this report: (references to notes below are the notes in the appended Group Accounts)
- 3.12 *'The PCC and Group's status as an admitted body to the Teesside Pension Fund is described in note 20. The net defined benefit liability as at 31 March 2024 is £nil which comprises £222.721m of gross assets and £186.898m of gross liabilities and £35.823m effect of the asset ceiling as disclosed in note 21.*
- 3.13 *On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the PCC and Group to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').*
- 3.14 *The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence over the following material elements of the financial statements:*
- *the value of scheme assets as at 31 March 2024 (£222.721m) as disclosed in notes 20 and 21; and*
 - *the return on plan assets for the year ended 31 March 2024 (£9.682m) as disclosed in note 20.*
- 3.15 *As a consequence, we were unable to determine whether any adjustments to the following amounts were necessary:*
- *the gross assets included in the net defined benefit liability; and*
 - *the return on plan assets, and the consequential effects on the remeasurements of the net defined benefit liability included in other comprehensive income and expenditure and the pension reserve.'*

4 Implications

4.1 Finance

There are no financial implications other than those mentioned above.

4.2 Diversity & Equal Opportunities

There are no issues arising from this report to bring to Members attention.

4.3 Human Rights Act

There are no Human Rights Act Implications from this report.

4.4 Sustainability

This report is part of the governance arrangements to oversee and assess the sustainable financial position of the PCC.

4.5 Risk

Incorrectly prepared Statement of Accounts may materially misrepresent the financial position of the PCC, CC and PCC Group, giving rise to risks to reputation, service and financial planning processes, as well as exposure to additional costs. Adherence to proper practices, the closure processes undertaken within the Force, combined with reviews by the PCC CFO and CC CFO are designed to mitigate such risks.

Given that the accounts have been Qualified there is a risk that reason for this is not clearly understood within the public domain and therefore there is a reputational impact on the PCC and Force as a result.

5 Conclusion

The role of the Audit Committee in reviewing the statement(s) of accounts is set out in the agreed terms of reference. This report is to provide Members of the Committee with the required information for them to discharge this role.

Both Chief Finance Officers are responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and both will sign the Statement of Accounts stating that except for the possible effects of the matter described in the Basis for Qualified Opinion

They give a true and fair presentation of the financial position of their organisations at the accounting date.