

**Report of the Chief Finance Officer for the PCC to the Chair
and Members of Audit Committee
26th June 2025**

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

Title: Statement of Accounts 2023/24 update

1 Purpose

- 1.1 The Audit Committee met on the 19th February 2025 to consider the Audited Accounts for 2023/24 for both the PCC and the CC prior to the 'backstop' date for the audit of the 2023/24 accounts of 28th February 2025.
- 1.2 This report is to provide the Committee with an update on an issue in relation to the publication of the 2023/24 Accounts for the CC.
- 1.3 In addition to this the opinions provided by the External Auditors on the 2023/24 accounts for both the PCC and CC were 'qualified' as a result of the external auditors being unable to determine whether any adjustments were necessary in our financial statements as a result of not being able to obtain sufficient appropriate evidence over a number of material elements of the Teesside Pension Fund financial statements.
- 1.4 This report also provides an update to the Committee in relation to this issue.

2 Recommendations

Members are asked to:

- 2.1 Note the oversight in the publication of the Chief Constable's Accounts by the backstop date.
- 2.2 Note that this may result in negative publicity for the Force.
- 2.3 Note that additional checks for the publication of the accounts will take place going forward and the Chief Constable Accounts will be published alongside the Group Accounts on the PCC's website too.
- 2.4 Note the update in relation to the issue that impacted on the Qualified opinion of the 2023/24 final accounts.

3 Reasons

- 3.1 Under the amended Account and Audit Regulations, local authorities, including Police and Crime Commissioners and Chief Constables, were required to publish the Audited Statement of Accounts for the financial year ending 31st March 2024 by 28th February 2025.
- 3.2 The Accounts for both the PCC and CC were discussed by this Committee on the 19th February and then signed by the Chief Finance Officers and subsequently by the External Auditors on the 24th February 2025.
- 3.3 The PCC accounts were then provided to the PCC team that looks after the PCC website and the CC accounts were provided to the Communications Team within the Force that look after the Force website, for publication.
- 3.4 Correspondence was received into the Force on the 14th May setting out the following:
- 3.5 *As you are aware last July the government set statutory backstop dates to address the local audit back log. The second backstop date was 28th February for bodies to publish audited accounts for financial year 2023/24.*
- 3.6 *MHCLG have shared a compliance list with Home Office and the Chief Constable for Cleveland is listed as failing to comply with the backstop. MHCLG have asked us to confirm whether this is in fact, correct? If so, are you able to provide the reasons you were unable to meet the backstop? Please note that MHCLG are planning to publish a list of those bodies who were not in compliance with the statutory deadlines, alongside their audit firms. It is therefore imperative that you let us know if you disagree that your service was non-compliant*
- 3.7 On further investigation of this query the Force established that whilst the information had been sent to the Communication Teams for the accounts to be added to the website on the 26th February this did not happen.
- 3.8 The Final Accounts and associated documents were then published on the 16th May after the question from the Home Office.
- 3.9 Additional checks and publication on the PCC website will increase oversight in this area to ensure this does not occur going forward.

3.10 **Basis for Qualified Opinion for 2023/24**

- 3.11 Members will recall that the following commentary was included within the covering report for the 2023/24 final accounts:
- 3.12 The External Auditors have set out the following qualification in relation to the 2023/24 accounts: (references to notes below are the notes in the Group Accounts)
- 3.13 *'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.*
- 3.14 *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').*
- 3.15 *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.*
- 3.16 *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.'*
- 3.17 Given that the Draft accounts for 2024/25 are now concluded and included elsewhere on today's agenda, an update on how this may impact on the 2024/25 accounts was sought for the External Auditors.
- 3.18 The response was that *'Our planned audit procedures later in the year, for both the Pension Fund and Cleveland Police, are intended to provide the required assurances within the timescale available'*

3.19 *'The issue in 2023/24 was the condensed timetable caused by two backstop dates only two months apart. This is not the case for 2024/25 so there should be no reoccurrence and no impact on this year's opinion. We don't, however, plan to revisit 2023/24'*

3.20 *'We expect to have assurance over both the opening and closing pension balances as part of the 2024/25 audit. If this is the case, there will be no impact on the 2024/25 opinion'*

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

There is a potential risk that due to the Chief Constable accounts not being published within the Statutory deadlines that there is some negative publicity in relation to the finances of the Force.

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 further information in relation to the 2023/24 accounts for Members information and oversight.