





The Office of Police and Crime Commissioner and Chief Constable Thames Valley Police Kidlington, OX5 2NX 23 November 2020

Dear Anthony and John

We are pleased to attach our Final Audit Results Report which communicates our audit conclusion in relation to the audit of the Police and Crime Commissioner for Thames Valley Group (the PCC and CC) for the year ended 31st March 2020. This report updates the document we presented to the 31 July 2020 Joint Independent Audit Committee (JIAC) and the verbal update we provided to the JIAC on 9 October.

Further to the October verbal update, in late October we received the outstanding IAS19 assurances from the auditor of Buckinghamshire Pension Fund and our EY Real Estates specialists completed their work. We have now therefore concluded the audit and will shortly issue unqualified opinions to the PCC (and group) and CC 2019/20 accounts. Following internal EY consultation processes, we concluded that we did not need to include an emphasis of matter paragraph in the audit opinion for the impact of Covid-19 on the PCC's or CC's finances. However, we are including an emphasis of matter paragraph in the PCC and group audit opinion in relation to the material uncertainty reported by the PCC's valuer in respect of the valuation of certain assets held by the PCC and group. For clarity, an emphasis of matter is not a modification to the audit report but highlights to the reader of the accounts an important disclosure that will aid their understanding of the accounts.

We have also completed our procedures in response to the one identified value for money significant risk in respect of the tri-force ERP project (Equip). We have included some narrative within this report but have concluded that we have no matters to include in the auditor's on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Joint Independent Audit Committee JIAC, other members of the PCC and CC, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

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Suresh Patel, Associate Partner, for and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.





Scope update

In our Outline Audit Plan tabled at the 18th December 2019 JIAC meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We have carried out our audit in accordance with this plan taking into account the matters we reported to the May 2020 Committee meeting in an addendum to the plan. The key changes we reported in May are highlighted below.

Changes to reporting timescales as a result of Covid-19

As a result of COVID-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities.

Changes to our risk assessment as a result of Covid-19

- Valuation of Land and buildings- The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the PCC's external valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of Land and buildings.
- ▶ **Disclosures on going concern** Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a new risk that the PCC/CC would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the PCC/CC's actual year end financial position and performance.
- Events after the balance sheet date We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the PCC/CC.
- Adoption of IFRS16 The adoption of IFRS 16 by CIPFA/LASAAC as the basis for preparation of police body Financial Statements has been deferred until 1 April 2021. The PCC/CC will therefore no longer be required to undertake an impact assessment, and disclosure of the impact of the standard in the financial statements does not now need to be financially quantified in 2019/20. We therefore no longer consider this to be an area of audit focus for 2019/20.

Changes to the scope of our audit as a result of Covid-19

• We revised our risk assessment on key estimates (valuation of Land and buildings) and are using EY specialists to support our work in this area.



Scope update (continued)

Changes in materiality

In our Outline Audit Plan, we communicated that our audit procedures would be performed using a materiality of £14.061 million for the PCC Group; £6.341 million for the PCC Single Entity; £13.852 million for the CC Single Entity; and £1.859 million for the Police Pension Fund, performance materiality at 75 % of overall materiality and thresholds for reporting misstatements at 5% of performance materiality.

We updated our planning materiality assessment using the draft consolidated accounts and have also reconsidered our risk assessment.

Based on our materiality measurement bases, we have updated our overall materiality assessment to £12.478 million for the PCC Group; £12.101 million for the CC Single Entity; and £6.664 million for the PCC Single Entity. In addition, the Police Pension Fund materiality has been updated to £1.855 million. Performance materiality, at 75% of overall materiality and thresholds for reporting misstatements at 5% of performance materiality have remained unchanged.

We have considered whether any change to our materiality is required in light of Covid-19. Following this consideration we remain satisfied that the basis for planning materiality, performance materiality and our audit threshold for reporting differences reported to you in our Audit Planning Report remain appropriate.

Information Produced by the Entity (IPE): We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the PCC/CC's systems. We undertook the following to address this risk:

- · Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agree IPE to scanned documents or other system screenshots.

Additional EY consultation requirements concerning the impact on auditor reports because of Covid-19:

Following the government's decision to enforce a lockdown, all audit firms implemented a moratorium on the majority of their auditor reports. Whilst the moratorium was lifted in mid-April, because of the ongoing uncertainty Covid-19 presents to the material accuracy of financial statements, the firm (in common with other firms) has introduced a rigorous consultation process for all auditor reports to ensure that we are providing the right assurance to the readers of accounts. This consultation is now complete.

Audit fees

At the May 2020 meeting, the Committee agreed our proposed increase to the fee for 2019/20. This is still subject to PSAA agreement. We have considering the impact of the Covid-19 driven changes to audit risks, audit approach and auditor reporting requirements on the fee and included details in Section 10.



Status of the audit

We have completed the audit of Thames Valley Police's financial statements for the year ended 31 March 2020 and have performed the procedures outlined in our Audit Planning Report.

Impact of Covid-19

Our audit opinion has emphasised the following:

• Land and buildings valuations - The PCC's valuer has included a material uncertainty sentence in their valuation report and the PCC has included reference to this in the draft accounts. We worked in collaboration with the PCC and our EY Real Estates team to understand the extent of the impact of the uncertainty on Land and Building valuations (which are valued using market-based method). Our audit report includes an emphasis of matter paragraph in respect of the associated disclosure in the PCC and group accounts.

Following internal EY consultation we determined that we did not need to include an emphasis of matter paragraph in the audit report in relation to going concern and the impact of Covid-19 on the finances of the PCC/CC.

We will issue the audit certificate after the audit opinion as the date for completing the WGA assurance procedures is 4 December 2020.



Areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the PCC/CC's financial statements. We summarise below our latest findings.

Significant risk	Findings & conclusions	
Management override: Misstatements due to fraud or error	We have completed our testing and found no indications of management override of controls.	
Incorrect capitalisation of revenue expenditure	We have not identified any evidence of inappropriate capitalisation of revenue expenditure.	

Other area of audit focus	Findings & conclusions	
Valuation and impairment of Land and buildings	We are satisfied with the material accuracy of the valuation of land and buildings. We have included an paragraph in the audit report to emphasise the disclosure in the PCC and group accounts in respect of the material uncertainty on land and building valuations.	
Pension liability	We have completed our procedures and have no matters to report.	
Going concern	We have completed our procedures and are satisfied that the PCC/CC have carried our a reasonable assessment and made an appropriate disclosure in their accounts.	

This report sets out our latest observations and conclusions on the above matters, and any others identified, in the "Areas of Audit Focus" section of this report. We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues; and
- ► You agree with the resolution of the issues; and there are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to your attention.



Executive Summary

Audit differences

There are no unadjusted audit differences.

We have not identified any adjusted audit differences higher than the reporting materiality set. We did identify some minor disclosures errors which have management have agreed to adjust. We provide details in Section 4 Audit Differences.

Control observations

We have adopted a fully substantive approach, and so have not tested the operation of controls. We have, however, updated our understanding of the key processes and the controls which are in place to detect or prevent error. Through this work, we have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Outline Audit Plan we identified a significant risk in respect of the implementation of the ERP system. We have carried out a review of progress with the system since our prior year work across the three organisations involved of the financial and governance arrangements in place to manage the project. We report our findings in Section 5. We have not identified any matters in respect of the PCC/CC's proper arrangements which impact on the value for money conclusion. As a result, we have no matters to include within the auditor's report at Section 3.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the PCC and CC. We have no matters to report as a result of this work.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. This will be completed by 4 December.

Independence

We can confirm that we remain independent of the PCC and CC and include an update in Section 9.





Areas of Audit Focus

Significant risk

Risk of misstatements due to fraud or error -Management override

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What did we do and what judgements did we focus on?

We:.

- ► Identified fraud risks during the planning stages.
- ▶ Enquired of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ► Considered the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Tested journals at year-end to ensure that there were no unexpected or unusual postings.
- ▶ Reviewed accounting estimates for evidence of management bias.
- ► Looked for and investigated any unusual transactions.

We used our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale. We specifically reviewed any elements where judgement could influence the financial position or performance of the PCC/CC in a more positive or more favourable way.

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied or management bias. We did not identify any other transactions during our audit which appeared unusual or outside the normal course of business.



Areas of Audit Focus

Significant risk

Risk of fraud in revenue and expenditure recognition – specifically in inappropriate capitalisation of revenue expenditure

What is the risk?

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

Local authorities have a statutory duty to balance their annual budget and are operating in a financially challenged environment with reducing levels of government funding and increasing demand for services. Achievement of budget is critical to minimizing the impact and usage of the PCC/CC's usable reserves and provides a basis for the following year's budget. Any deficit outturn against the budget is therefore not a desirable outcome for the PCC/CC and management, and therefore this desire to achieve budget increases the risk that the financial statements may be materially misstated.

Taking these pressures into account we have concluded that there is a risk of management manipulation of revenue expenditure to re-classify it as capital to improve the financial position over the medium term.

What judgements are we focused on?

We focus on whether expenditure is properly capitalised in its initial recognition, or whether subsequent expenditure on an asset enhances the asset or extends its useful life.

What did we do?

We have:

- ► Tested PPE additions to ensure that the expenditure incurred and capitalised is clearly capital in nature; and
- ► Sought to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

What are our conclusions?

Our testing of capital additions is complete and has not identified any instances where expenditure had been inappropriately capitalised.



Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

Valuation of Land and Buildings

What is the area of focus?

The fair value of Land and buildings represent significant balances in the Group accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What did we do?

We:

- Considered the work performed by the PCC/CC's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample tested key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Reviewed assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated;
- Considered changes to useful economic lives as a result of the most recent valuation; and
- Confirmed accounting entries have been correctly processed in the financial statements

What are our conclusions?

We updated our risk assessment in light of the impact of Covid-19 and the fact that the external valuer had highlighted a 'material uncertainty' in their valuation report. As a result we instructed our internal valuers (EY Real Estates) to support us with our work in this area. They reviewed a range of assets across the portfolio including police headquarters, a training centre, a traffic base and a police house.

Based on the work of EYRE and the audit team's testing of a sample of valuations and considering the value of assets not revalued in the year we identified a potential total net overstatement below our reporting threshold.

Overall we are satisfied that the value of land and buildings is materially stated.

We have included a paragraph in the audit report of the PCC and group to highlight the disclosure at note 3 and note 14 in respect of the valuer's Covid-19 related material uncertainty caveat in their valuation report.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

We:

What is the area of focus?

Pension liability valuation & actuarial assumptions

The police body Accounting Code of Practice and IAS19 require the CC to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Buckinghamshire County Council. The PCC must also do similar in respect of the Police Pension Fund. The PCC and CC's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the respective balance sheets of the PCC and CC. At 31 March 2020

respective balance sheets of the PCC and CC. At 31 March 2020 this totalled £2.4 million and £4,47 million respectively. The information disclosed is based on the IAS 19 report issued to the PCC and CC by the actuary to the County Council and also the Police Pension Fund. Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

- Liaised with the auditors of Buckinghamshire County Council Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Thames Valley Police.
- Assessed the work of the LGPS Pension Fund actuary (Barnett Waddingham) and the Police Pension actuary (GAD) including the assumptions they have used by relying on the work of PWC Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Reviewed and tested the accounting entries and disclosures made within the PCC and CC's financial statements in relation to IAS19.

What are our conclusions?

We are satisfied that the PCC/CC has correctly reflected the IAS 19 entries provided by the actuaries in the financial statements. We are also satisfied that the actuaries are appropriately qualified.

We have obtained satisfactory assurances from the auditor of Buckinghamshire Pension Fund.

We note that the our EY Pensions review of GAD and their work on the Police Pension Fund highlighted that GAD's estimation of the duration of scheme liabilities at 24 years is higher than the expected 20 years. Whilst this does not currently impact scheme liabilities, in their view, in future years it could lead to assumptions outside their acceptable range.

Going concern

Covid-19 has created significant uncertainty over the PCC/CC's future financial position necessitating a going concern disclosure note in the 2019/20 accounts.

We have scrutinising the PCC/CC's assessment, cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions and key assumptions. We have also collaborated with management on its new disclosure in the 2019/20 statements on going concern.

We are satisfied that management have carried out a reasonable going concern assessment and made an appropriate disclosure in the accounts.





Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR THAMES VALLEY

Opinion

We have audited the financial statements of Police and Crime Commissioner for Thames Valley Police for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Police and Crime Commissioner for Thames Valley and Group Movement in Reserves Statement;
- Police and Crime Commissioner for Thames Valley and Group Comprehensive Income and Expenditure Statement;
- Police and Crime Commissioner for Thames Valley and Group Balance Sheet:
- Police and Crime Commissioner for Thames Valley and Group Cash Flow Statement:
- Police and Crime Commissioner for Thames Valley Pension Fund Account Statements; and
- Related notes 1 to 49 and the Expenditure & Funding Analysis
 The financial reporting framework that has been applied in their
 preparation is applicable law and the CIPFA/LASAAC Code of
 Practice on Local Authority Accounting in the United Kingdom
 2019/20.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the PCC/CC 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 the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Effects of COVID-19 on the Property Plant and Equipment valuation

We draw attention to Note 3 Assumptions made about the future and other major sources of estimation uncertainty and Note 14 Property, plant and equipment of the financial statements, which describe the valuation uncertainty the Police and Crime Commissioner is facing as a result of COVID-19 in relation to property valuations.

Our opinion is not modified in respect of these matters.



Our draft opinion on the financial statements

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Statement of Accounts 2019/20, 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Thames Valley put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Police and Crime Commissioner;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



Our draft opinion on the financial statements

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities set out on page ix, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner either intends to cease operations, or have no realistic alternative but to do so.

The Police and Crime Commissioner 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 audit of the financial statements

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

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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



Our draft opinion on the financial statements

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Police and Crime Commissioner for Thames Valley had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Police and Crime Commissioner has put in place 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 Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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 Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Use of our report

This report is made solely to Police and Crime Commissioner for Thames Valley, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Thames Valley, for our audit work, for this report, or for the opinions we have formed.

Suresh Patel (Key Audit Partner) Ernst & Young LLP (Local Auditor) London XX XXXXXXX 2020



Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR THAMES VALLEY

Opinion

We have audited the financial statements of the Chief Constable for Thames Valley Police for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Chief Constable for Thames Valley and Movement in Reserves Statement;
- Chief Constable for Thames Valley and Comprehensive Income and Expenditure Statement;
- Chief Constable for Thames Valley and Balance Sheet;
- Chief Constable for Thames Valley and Cash Flow Statement;
- Chief Constable for Thames Valley Pension Fund Account Statements; and
- Related notes 1 to 25 and the Expenditure & Funding Analysis.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of Chief Constable for Thames Valley as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the PCC/CC 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 the Comptroller and Auditor General's (C&AG) AGNO1, 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.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Chief Constable for Thames Valley had put in place proper arrangements to secure economy, efficiency and effectiveness in its 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. The Code of Audit Practice issued by the National Audit Office requires us to report to you our conclusion relating to proper arrangements.



Our draft opinion on the financial statements

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Statement of Accounts 2019/20, other than the financial statements and our auditor's report thereon. The Director of Finance 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, the Chief Constable for Thames Valley put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Chief Constable;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



Our draft opinion on the financial statements

Responsibility of the Director of Finance

As explained more fully in the Statement of Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Director of Finance is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Constable either intends to cease operations, or have no realistic alternative but to do so.

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 audit of the financial statements

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

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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



Our draft opinion on the financial statements

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Chief Constable for Thames Valley had put in place proper arrangements to secure economy, efficiency and effectiveness in its 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. The Code of Audit Practice issued by the National Audit Office requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable has put in place 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.

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 Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Use of our report

This report is made solely to Chief Constable for Thames Valley, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for Thames Valley, for our audit work, for this report, or for the opinions we have formed.

Suresh Patel (Key Audit Partner) Ernst & Young LLP (Local Auditor) London XX XXXXXXX 2020





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as "known" or "judgemental". Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

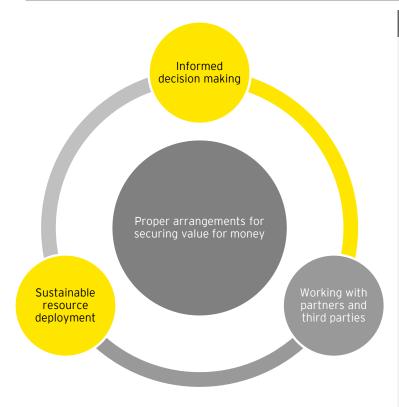
We have not identified any adjusted audit differences in the draft financial statements that exceed the reporting materiality that we set in our Outline Audit Plan.

Some minor adjustments have been identified and actioned in disclosures relating to Officers Renumeration, Pensions, Financial Instruments and Related Parties.



V F M

Value for Money



Background

We are required to consider whether the PCC/CC has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Impact of covid-19 on our Value for Money assessment

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of covid-19.

This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Authorities' response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion.

Overall conclusion

We identified one significant VFM risk in relation to the tri-force ERP system, which is linked to all three criteria above. Whilst Covid-19 is impacting on the timetable and cost of the programme, it has not changed the significant risk we identified. We provide further details on pages 28 and 29. We have concluded on VFM and we have no matters to include in the audit report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



Value for Money

Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risks areas in our audit planning report.

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
Implementation of EQUIP, the Enterprise Resource Planning (ERP) system This is a significant joint project with Sussex and Surrey Police aiming to modernise back office systems. This multi-million pound IT restructure has been subject to a significant number of inputs and assumptions regarding delivery. Last year, we undertook a detailed review of the arrangements that TVP had in place to manage the risks associated with the implementation of the ERP system. The project has experienced well documented challenges in respect of delivery to time and budget and it is currently rated red risk status with the revised go live date of January 2021 already behind schedule.	Take informed decisions Deploy resources in a sustainable manner Work with partners and other third parties	 In order to address this risk we carried out a range of procedures including: understanding the current status of the project versus the revised project timeline. reviewing the forecast budget and the estimated likely outturn and the impact of this on the MTFP. assessing how management continue to respond to the issues raised and how any associated risks are being mitigated. Our detailed findings are set out on the following page.



Value for Money

What are our findings?

The EQUIP Programme is behind its anticipated "go live" date of January 2021. However, the delays and challenges have been recognized by the PCC and the CC and a new Senior Responsible Officer (SRO) was appointed in January 2020 to lead on this programme. The SRO has been effective in the role, to date, reporting each month to the Strategic Programme Board and regularly to the CC's and PCC's on options going forward. The programme has taken appropriate legal advice from Weightmans LLP throughout 2019/20 and the current year.

Two other reviews on the EQUIP Programme were also carried out, during 2019/20, by Grant Thornton (GT) and Berkeley Partnership (BP). We have not seen clear action/implementation plans in response to the outputs of either engagement. However, actions from the Grant Thornton report had already been implemented or were in progress when the output of the review was received and, the results of the BP work were discussed in a Legal Counsel review, as part of ongoing project discussions. The EQUIP delays have resulted in escalations of the expected total programme cost, but at this time there is no agreed final cost. Under the project arrangements between TVP and its partner forces, TVP will be liable for 45.7% of the total programme cost.

The governance structure surrounding the EQUIP Programme is clear and features multiple layers. The JIAC has received regular reports on the Programme's progress. The delivery of the programme has been severely impacted by technical differences of opinion between the two parties. The EQUIP Strategic Board meetings are held frequently and within these meetings EY has identified some instances of good quality risk assessments arrangements.

Although the EQUIP programme governance, mediation and remedial arrangements in place are adequate, there are clearly lessons to be learned around user specifications, contract project management and the reporting of the achievement of KPIs. The final costs of the EQIUP programme should be appropriately quantified and appropriately reflected within an update to TVP's Medium Term Financial Plan and annual budget, as soon as is practicable to do so.



Contract Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the PCC and CC Statement of Accounts 2019/20 with the audited financial statements. We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

- We have concluded that the financial information in the PCC and CC Statement of Accounts 2019/20 and published with the financial statements is consistent with the audited financial statements.
- The Annual Governance Statement is consistent with other information from our audit of the financial statements.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We are currently concluding our work.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the PCC/CC to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest. We also have a duty to make written recommendations to the PCC/CC, copied to the Secretary of State, and take action in accordance with our responsibilities. We have taken no such action.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the PCC's and CC's financial reporting process. They include the following:

Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;

- Any significant difficulties encountered during the audit; Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested; Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process; Related parties; External confirmations; Going concern;
- Consideration of laws and regulations; and Group audits.

We have nothing to comment in respect of these.





Assessment of Control Environment

Financial controls

It is the responsibility of the PCC and CC to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the PCC and CC have put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

We considered whether circumstances arising from COVID-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely. We identified no issues which we wish to bring to vour attention/details of issues noted.





Use of Data Analytics in the Audit

► [Data analytics - revenue recognition and management override

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- ► Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2019/20, our use of these analysers in the PCC and CC audit included testing journal entries to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.



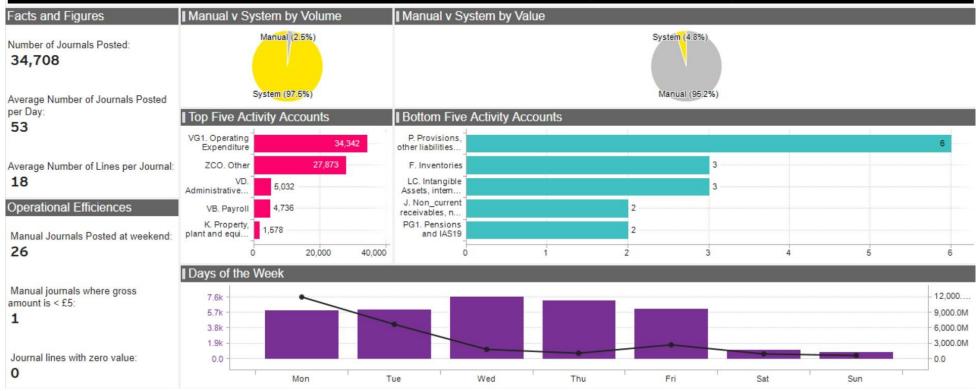


Journal Entry Data Insights

The graphic outlined below summarises the PCC/CC's journal population for 2019/20. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples.

EY Helix - GLASS: Journal Entry Data Insights - 20 Thames Valley Police Authority - P1 to P12 - 31/03/20





Journal Entry Testing

What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

Journal entry data criteria – PCC/CC's – 31 March 2020

What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.



What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.





Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 28th December 2019. We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that the JIAC consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit JIAC on the 31 July 2020.

The FRC Ethical Standard also requires that we provide details of all relationships between Ernst & Young (EY) and the PCC/CC, and its directors and senior management and its affiliates, including all services provided by us and our network to the PCC/CC, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.



Fee analysis

We set out here a summary of the fees for the year ended 31^{st} March 2020. We confirm that we have not undertaken non-audit work outside the NAO Code. At the June JIAC meeting, the PCC/CC agreed the proposed additional fee of £32.9k. This additional fee did not include any further additional procedures required due to the impact of Covid-19. We will be discussing with the Chief Financial Officer and Director of Finance any additional audit fee in relation to Covid-19 on completion of the audit.

Description	Final Fee 2019/20 £	Planned Fee 2019/20 £	Final Fee 2018/19 £
Total Audit Fee - Code work	78,552	45,652	45,652
Additional Fee	ТВС	32,905	12,651
Non-audit work	0	0	0
Total	ТВС	78,557	58,303



New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit & Governance Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the Audit & Governance Committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 1 April 2020.

To date we have mot identified any non-audit services being provided to Thames Valley Police Group which would be prohibited under the new standard.



Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020: https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2020/ey-uk-2020-transparency-report.pdf





Appendix A

Audit approach update

We summarise below our approach to the audit of the balance sheet/s and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework



Balance sheet category	Audit Approach in current year	Audit Approach in prior year	Explanation for change
Trade receivables	We substantively tested all relevant assertions with no controls testing performed in accordance with auditing standards	We substantively tested all relevant assertions with no controls testing performed in accordance with auditing standards	No change
Trade payables	We substantively tested all relevant assertions with no controls testing performed in accordance with auditing standards	We substantively tested all relevant assertions with no controls testing performed in accordance with auditing standards	No change
Tangible fixed assets	Substantively tested all relevant assertions, involved EY Real Estate Specialist for year end valuation	Substantively tested all relevant assertions	Additional procedure e.g. involvement of EYRE due to Covid-19
Cash	Substantively tested all relevant assertions	Substantively tested all relevant assertions	No change



Appendix B

Summary of communications

Nature Nature	Summary
Planning enquiries	Planning enquiries made of management
Report	The Audit Planning Report, including confirmation of independence, was issued to the JIAC meeting
Report	Audit progress report and update to the Audit Plan
Management and TCWG letters issued	The PCC, CC and senior officers were all sent formal letters of enquiry in respect of key matters such as fraud, laws and regulations, Going Concern and litigation and claims
Letters	Formal responses received from the PCC, CC and senior officers in respect of year end letters issued as at 31st March 2020
Report	The Audit Results Report, including confirmation of independence, was issued to the JIAC.
Meeting	Suresh Patel, the partner in charge of the engagement, accompanied by the manager of the audit team, met with the JIAC, the PCC and CC and senior members of the management team to discuss the Initial Audit Results Report.
Meeting	Suresh provided the Committee with a verbal update of the remaining outstanding items of the audit.
Emails	Suresh liaised with the CFO and Finance Director on the conclusion of the outstanding items of the audit including agreeing the Final Audit Result Report.
Meeting	The Final Audit Results Report will be presented.
	Planning enquiries Report Report Management and TCWG letters issued Letters Report Meeting Meeting Emails

In addition to the above specific meetings and letters the audit team met with the management team multiple times throughout the audit to discuss audit findings.



Appendix C

Required communications with the PCC and CC

There are certain communications that we must provide to the PCC and CC. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the PCC and CC of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report presented at the JIAC meeting on 18th December 2019; Plan update provided for March 2020 JIAC.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report presented at the JIAC meeting on 18th December 2019; Plan update provided for March 2020 JIAC.
Significant findings from the audit	 Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures Significant difficulties, if any, encountered during the audit Significant matters, if any, arising from the audit that were discussed with management Written representations that we are seeking Expected modifications to the audit report Other matters if any, significant to the oversight of the financial reporting process 	Final Audit Results Report issued to the 3 December 2020 JIAC



		Our Reporting to you
Required communications	What is reported?	When and where
Public Interest Entities	For the audits of financial statements of public interest entities our written communications to the audit committee include: A declaration of independence The identity of each key audit partner The use of non-member firms or external specialists and confirmation of their independence The nature and frequency of communications A description of the scope and timing of the audit Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits Materiality Any going concern issues identified Any significant deficiencies in internal control identified and whether they have been resolved by management Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof The valuation methods used and any changes to these including first year audits The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework The identification of any non-EY component teams used in the group audit The completeness of documentation and explanations received Any significant difficulties encountered in the course of the audit Any other matters discussed with management Any other matters considered significant	Audit planning report presented at the JIAC meeting on 18th December 2019; and Initial Audit results report presented at the JIAC meeting on 31st July 2020. Final Audit Results Report issued to the 3 December 2020 JIAC.



		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ► Whether the events or conditions constitute a material uncertainty ► Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ► The adequacy of related disclosures in the financial statements	Final Audit Results Report issued to the 3 December 2020 JIAC.
Misstatements	 Uncorrected misstatements and their effect on our audit opinion The effect of uncorrected misstatements related to prior periods A request that any uncorrected misstatement be corrected Material misstatements corrected by management 	Final Audit Results Report issued to the 3 December 2020 JIAC.
Subsequent events	► Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.	Final Audit Results Report issued to the 3 December 2020 JIAC.
Fraud	 Enquiries of the PCC, CC, the Monitoring Officer and senior officers to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the PCC and CC Any fraud that we have identified or information we have obtained that indicates that a fraud may exist Unless all of those charged with governance are involved in managing the PCC and CC, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected Any other matters related to fraud, relevant to PCC, CC & Management responsibility. 	Initial Audit results report presented at the JIAC meeting on 31 st July 2020. Final Audit Results Report issued to the 3 December 2020 JIAC.



		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	Significant matters arising during the audit in connection with the PCC's and CC's related parties including, when applicable: ► Non-disclosure by management ► Inappropriate authorisation and approval of transactions ► Disagreement over disclosures ► Non-compliance with laws and regulations ► Difficulty in identifying the party that ultimately controls the PCC or CC	Initial Audit results report presented at the JIAC meeting on 31st July 2020. Final Audit Results Report issued to the 3 December 2020 JIAC.
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: The principal threats Safeguards adopted and their effectiveness An overall assessment of threats and safeguards Information about the general policies and process within the firm to maintain objectivity and independence Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.	Audit planning report presented at the JIAC meeting on 18 th December 2019; and Initial Audit results report presented at the JIAC meeting on 31 st July 2020. Final Audit Results Report issued to the 3 December 2020 JIAC.



		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	 Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures. 	Initial Audit results report presented at the JIAC meeting on 31st July 2020. Final Audit Results Report issued to the 3 December 2020 JIAC.
Consideration of laws and regulations	 Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the PCC, CC and audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or noncompliance with laws and regulations.
Significant deficiencies in internal controls identified during the audit	► Significant deficiencies in internal controls identified during the audit.	Initial Audit results report presented at the JIAC meeting on 31st July 2020. Final Audit Results Report issued to the 3 December 2020 JIAC.



		Our Reporting to you
Required communications	What is reported?	When and where
Group Audits	 An overview of the type of work to be performed on the financial information of the components An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Audit planning report presented at the JIAC meeting on 18th December 2019; and Initial Audit results report presented at the JIAC meeting on 31st July 2020. Final Audit Results Report issued to the 3 December 2020 JIAC.
Written representations we are requesting from management and/or those charged with governance	► Written representations we are requesting from management and/or those charged with governance	Initial Audit results report presented at the JIAC meeting on 31st July 2020. Final Audit Results Report issued to the 3 December 2020 JIAC.
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	► Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Initial Audit results report presented at the JIAC meeting on 31st July 2020. Final Audit Results Report issued to the 3 December 2020 JIAC.
Auditors report	► Any circumstances identified that affect the form and content of our auditor's report	Final Audit Results Report issued to the 3 December 2020 JIAC.
Fee Reporting	 Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Initial Audit results report presented at the JIAC meeting on 31st July 2020. Final Audit Results Report issued to the 3 December 2020 JIAC.



Appendix D

Management representation letter

PCC Group Management Representation Letter 2018/19

Management Rep Letter

[To be prepared on the entity's letterhead] [Date]

Ernst & Young

Apex Plaza Forbury Rd Reading RG1 1YE

This letter of representations is provided in connection with your audit of the Group and PCC's financial statements of the Police and Crime Commissioner for Thames Valley ("the Group and PCC") for the year ended 31st March 2020. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the Group and PCC's financial statements give a true and fair view of the Group and PCC financial position of the Police and Crime Commissioner for Thames Valley as of 31st March 2020 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with the CIPFA LASAAC Code of Practice on police body Accounting in the United Kingdom 2019/20.

We understand that the purpose of your audit of our Group and PCC single entity financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

- We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on police body Accounting in the United Kingdom 2019/20.
- 2. We acknowledge, as members of management of the Group and PCC, our responsibility for the fair presentation of the Group and PCC's financial statements. We believe the Group and PCC financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group in accordance with [the CIPFA LASAAC Code of Practice on police body Accounting in the United Kingdom 2019/20 for the Group and PCC and are free of material misstatements including omissions. We have approved the Group and PCC financial statements.
- The significant accounting policies adopted in the preparation of the Group and PCC financial statements are appropriately described in the Group and PCC financial statements.



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- 4. As members of management of the Group and PCC, we believe that the Group and PCC have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on police body Accounting in the United Kingdom 20119/20 for the Group and PCC that are free from material misstatement, whether due to fraud or error.
- 5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

B. Non-compliance with Law and Regulations, including Fraud

- We acknowledge that we are responsible to determine that the Group and PCC's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
- 2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
- 3. We have disclosed to you the results of our assessment of the risk that the Group and PCC financial statements may be materially misstated as a result of fraud.
- 4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or PCC (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- · involving financial statements;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Group or PCC's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or PCC's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others: or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

- 1. We 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 matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 2. All material transactions have been recorded in the accounting records and are reflected in the Group and PCC's financial statements.



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- 3. We have made available to you all minutes of the meetings of the Group and PCC, and committees held through the year to the most recent meeting on the following date: 31st July 2020.
- We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and PCC's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Group and PCC's financial statements.
- 5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6. We have disclosed to you, and the Group and PCC has complied with, all aspects of contractual agreements that could have a material effect on the Group and PCC's financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

- All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the Group and PCC's financial statements.
- We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
- 3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. There are no guarantees that we have given to third parties.

E. Subsequent Events

1. There have been no events subsequent to year end which require adjustment of or disclosure in the Group and PCC's financial statements or notes thereto.

F. Other information

- We acknowledge our responsibility for the preparation of the other information.
 The other information comprises the Statement of Accounts, Narrative Report, the Statement of Accountable Officers Responsibilities and the Annual Governance Statement for 2019/20.
- 2. We confirm that the content contained within the other information is consistent with the financial statements.



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G. Ownership of Assets

- Except for assets capitalised under finance leases, the Group and PCC has satisfactory title to all assets appearing in the balance sheets, and there are no liens or encumbrances on the Group and PCC's assets, nor has any asset been pledged as collateral. All assets to which the Group and PCC's has satisfactory title appear in the balance sheets.
- All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the Group and PCC's financial statements.
- 3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

H. Reserves

 We have properly recorded or disclosed in the Group and PCC's financial statements the useable and unusable reserves.

I. Contingent Liabilities

 We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the Group and PCC's financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the Group and PCC's financial statements). We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

(1) Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the Group and PCC's financial statements or as a basis for recording a loss contingency.

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of Land and buildings and the Pension Liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Group and PCC's financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Land and buildings and Pension Estimates

 We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on police body Accounting in the United Kingdom 2019/20.



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- 2. We confirm that the significant assumptions used in making the accounting estimate of Land and buildings and pensions appropriately reflect our intent and ability to carry out providing services on behalf of the entity.
- 3. We confirm that the disclosures made in the Group and PCC's financial statements with respect to the accounting estimates are complete and made in accordance with CIPFA LASAAC Code of Practice on police body Accounting in the United Kingdom 2019/20.
- 4. We confirm that no adjustments are required to the accounting estimates and disclosures in the Group and PCC financial statements due to subsequent events.

L. Retirement benefits

 On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,
lan Thompson - Chief Financial Officer to the Police and Crime Commissioner
Anthony Stansfeld - Police and Crime Commissioner for Thames Valley

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