

The Police and Crime Commissioner for Thames Valley Group Audit Results Report

Year ended 31 March 2023

February 2024



Building a better
working world



Private and Confidential

26 February 2024

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

Dear Matthew and Jason

2023 Audit Results Report

We are pleased to attach our draft Audit Results Report, summarising the status of our audit of the Police and Crime Commissioner for Thames Valley and Group, [and the Chief Constable](#) (the PCC and CC) for the forthcoming meeting of the Joint Independent Audit Committee (JIAC). The audit is substantially complete and we will update JIAC at its meeting scheduled for 8 March 2024 on further progress to date and explain the remaining steps to the issue of our final opinion. We will issue a final ARR once all remaining areas are complete in advance of the issue of the opinions.

[Note that updates to this report since the version presented to the JIAC at the meeting in December are highlighted in blue text for ease of review](#)

The audit is designed to express an opinion on the 2022/23 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the PCC and CC's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

This report is intended solely for the information and use of the JIAC, other members of the PCC and CC, and senior management. It is not intended to be and should not be used by anyone other than these specified parties. We welcome the opportunity to discuss the contents of this report with the JIAC at the meeting on 8 March 2024.

Yours sincerely

Andrew Brittain
Partner
For and on behalf of Ernst & Young LLP
Encl

Contents

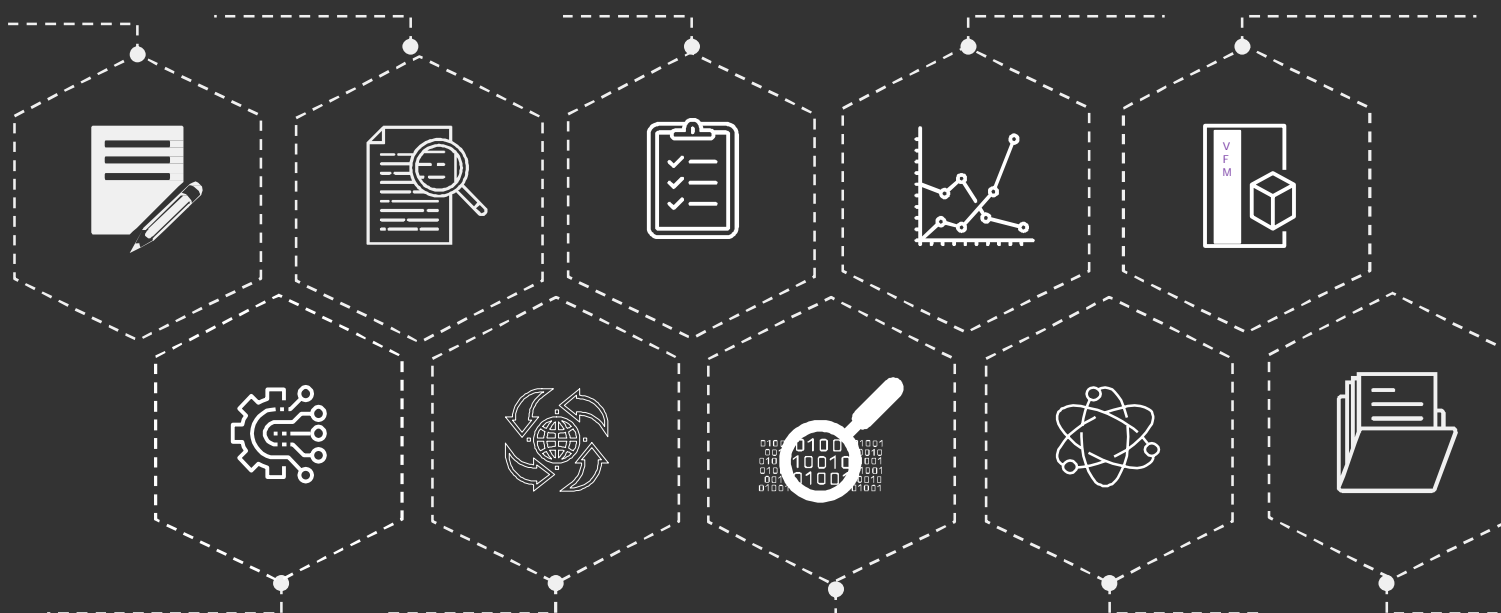
01 Executive Summary

02 Areas of Audit Focus

03 Audit Report

04 Audit Differences

05 Value for Money



06 Other Reporting Issues

07 Assessment of Control Environment

08 Data Analytics

09 Independence

10 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The 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 and further guidance (updated July 2021)” issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the JIAC and management of the PCC and CC in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the JIAC, and management of the PCC and CC those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the JIAC and management of the PCC and CC for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary

Executive Summary

Scope update

In our Outline Audit Plan presented at the 16 June 2023 JIAC meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

Materiality:

In our Outline Audit Plan, we communicated that our audit procedures would be performed using a materiality of £13.6 million for the PCC Group; £8.6 million for the PCC Single Entity and £13.3 million for the CC Single Entity, based on the draft consolidated accounts. Performance materiality was set at 75 % of overall materiality and thresholds for reporting misstatements at 5% of performance materiality.

We have continued to use materiality of £13.6 million for the PCC Group; £8.6 million for the PCC Single Entity; and £13.3 million for the CC Single Entity. Performance materiality, at 75% of overall materiality and thresholds for reporting misstatements at 5% of performance materiality have remained unchanged. We have also reconsidered our risk assessment [near to the completion of the audit, and concluded that these levels remain appropriate](#).

Status of the audit

Our audit work in respect of the PCC and CC opinion is substantially complete.

The following are the main items relating to the completion of our other audit procedures that were outstanding at the date of this report:

- We still need to complete our testing of the following, where there are outstanding audit queries to address:
 - Adjustment between accounting and funding basis account
 - Capital adjustment account
 - Capital financing requirement
 - IAS 19 Pensions – one query outstanding
- Narrative report – we will need final versions to audit
- Going concern disclosure – we will need a going concern disclosure note and we need to perform procedures to assess the cash flow forecast for 12 months from date of signing the financial statements
- Subsequent events review – we will need to complete this up to the date we sign the audit report.
- The above outstanding items are then subject to final review and Quality Assurance processes
- Management representation letter – we will finalise this at the completion of the audit.
- [Receiving and checking the final set of financial statements](#).
- Whole of Government Accounts - we will send the assurance statement to the NAO after the audit has been completed and the accounts signed.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Narrative Report and Accounts which could influence our final audit opinion, a current draft of which is included in Section 3.

[We envisage issuing an unqualified opinion on the Authority's financial statements in the form which appears at Section 3.](#)



Executive Summary

Auditor responsibilities under the Code of Audit Practice 2020

Under the Code of Audit Practice 2020, we are still required to consider whether the PCC and CC have put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the PCC and CC a commentary against specified reporting criteria (see below) on the arrangements the PCC and CC has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

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

Status of the audit – Value for Money (VFM)

In the Outline Audit Planning Report to the JIAC, we reported that we had begun our value for money (VFM) risk assessment and had not identified any risk of significant weakness against the three reporting criteria we are required to consider under the NAO's 2020 Code. We have revisited our assessment on substantial completion of the audit of the financial statements and remain satisfied that we have not identified a risk of significant weakness. As a result, we have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03). We will issue the VFM commentary as part of issuing the Auditor's Annual Report.



Executive Summary

Audit differences

We highlight the following misstatements greater than £663k for the CC and £431k for the PCC. Until the audit is complete we cannot confirm if further adjustments are necessary.

Corrected adjustments include:

- PCC & Group misclassification: £3,833k PCC deferred income classified as trade payables in error.
- PCC & Group misclassification: £891k Depreciation written out on revaluation was misclassified between cost and depreciation.
- PCC & Group: £6,080k Incorrect figure extracted as disposals. £7,141k was used instead of £1,061k, leading to an understatement of the revaluation reserve and an overstatement of the capital adjustment account of £6,080k
- [PCC & Group: £1,107k misstatement in council tax balances on the CIES. This resulted in a £7,556k debit to receivables and a £6,449 credit to payables.](#)
- CC & Group : £2,000k Misclassification regarding the legal accrual. TVP identified that per their policy this should be trade payables and not other payables. This only affects the disclosure note.
- CC & Group: £2,000k Legal accrual above had been included as an expense and creditor in error, since this was included in the adjusted 2021/22 financial statements.
- PCC & CC: £1,275k Incorrect PPE addition classification between PCC & CC. PCC was overstated by £1,275k and CC was understated by £1,275k.
- [CC & PCC: £1,015k Misclassification lease depreciation was recorded as 'other land and buildings' instead of 'vehicles, plant and equipment'.](#)
- [CC & PCC: £8,431k CC capital charges were recorded as PCC capital charges in error.](#)

Uncorrected adjustments include:

- [CC & Group: £4,146k this mis-statement is in relation to a difference in the value of Pension Fund assets as assessed by the actuary of the Buckinghamshire Pension Fund of which the CC is an admitted body. We compared the Fund value as estimated by the actuary in December 2022 to the actual Fund value as at 31st March 2023 as reported in the draft financial statements and noted a difference of £4,146k. This is below the CC tolerable error of £9,945k and it is an accounting estimate and the differences are therefore a result of timing differences.](#)
- [CC & Group: £900k provision not accounted for in the 2022/23 financial statements.](#)

There were various misstatements in the disclosure notes [which have now been corrected](#), the main ones were:

- Group: Note 6 Adjustments between accounting basis and funding basis under regulations - "Reversal of entries in relation to capital expenditure (charged to the capital adjustment account)" should be £21,621k instead of £16,376k, to be consistent with the PCC and CC figures in the financial statements. This is being corrected.
- PCC note 35 and CC note 5 Expenditure and Funding Analysis - In the PCC accounts, the "Other income & expenditure from the expenditure & funding analysis" figure of £3,319k includes adjustments from CC of -£5,154k. The correct figure should be £8,461k. Similarly the CC accounts have not included the £5,154k in "Other income & expenditure from the expenditure & funding analysis". This is being corrected.
- Some minor adjustments have been identified and actioned including note 31 Nature and extent of risk arising from financial instruments.



Executive Summary

Other reporting issues

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

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts (WGA) submission, but have not issued our assurance statement to the NAO. Although the PCC & CC are below the threshold set by the NAO, we cannot currently conclude on WGA work until the NAO confirms if they would like any additional procedures performed. This will delay our issuing of the audit certificate.

Executive Summary

Areas of audit focus

In our Outline Audit Plan, we identified a number of key areas of focus for our audit of the financial report of the PCC and CC. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report. These areas are still subject to final review.

Audit findings and conclusions: Significant risk - Misstatements due to fraud or error - Management override

We have not identified any material misstatements arising from fraud in revenue and expenditure recognition and management override to date.

Audit findings and conclusions: Significant risk - Misstatements due to fraud or error - Inappropriate capitalisation of revenue expenditure

We have not identified any material misstatements arising from fraud from the inappropriate capitalisation of revenue.

Audit findings and conclusions: Significant risk - Inappropriate revenue recognition of other income - recharges and collaboration

We have not identified any material misstatements arising from fraud in inappropriate revenue recognition of other income - recharges and collaboration.

We request that you review these and other matters set out in this report to ensure:

- There are no residual further considerations or matters that could impact these issues
- You concur with the resolution of the issue
- There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are currently no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the JIAC or Management.

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 identified three observations where controls could be improved. See section 7 of this report for more details. 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.

Independence

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



02

Areas of Audit Focus



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 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.

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.
- ▶ Determined an appropriate strategy to address those identified risks of fraud.
- ▶ Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- ▶ Assessed the accounting estimates for evidence of management bias.
- ▶ Reviewed accounting estimates for evidence of management bias, in particular, those not covered elsewhere in this report, included provisions and financial instruments.

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 misstatements due to fraud or error – Inappropriate capitalisation of revenue expenditure

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund. In arriving at this conclusion, we have considered the continuing pressure on the revenue budget and the financial value of its annual capital programme which is many times our materiality level.

This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

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 property, plant and equipment (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.

We have utilised our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries more generally for evidence of management bias and evaluated them for business rationale.

What are our conclusions?

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

However, the split between PCC and CC additions had been incorrectly recorded in the financial statements and an adjustment of £1,275k was required.



Areas of Audit Focus

Significant risk

Risk of misstatements due to fraud or error – Inappropriate revenue recognition of other income - recharges and collaboration

What is the risk?

ISA (UK and Ireland) 240 states, in paragraph 26, that material misstatements due to fraudulent financial reporting often result from a misstatement of revenues. Therefore, the auditor ordinarily presumes that there are risks of fraud in revenue recognition and considers which types of revenue, revenue transactions or assertions may give rise to such risks. Those assessed risks of material misstatement due to fraud related to revenue recognition are significant risks.

In our judgement, the risk of manipulation of these revenue streams lies in other income as this is reliant on the information produced by the TVP which other police authorities accept and send payments to TVP to cover for joint projects.

What judgements are we focused on?

We focus on whether revenue is being appropriately recognised and re-charges set at the correct rates.

If this were to happen it would have the impact of overstating revenue.

What did we do?

We have:

► Tested other income of recharges and collaboration using a lower level of materiality.

We have utilised our data analytics capabilities to assist with our work, including journal entry testing. We have assessed journal entries more generally for evidence of management bias and evaluate for business rationale.

What are our conclusions?

Our testing did not identify any manipulation of recharges.

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.

What is the area of focus?	What did we do?	What are our conclusions?
<p>Valuation of land and buildings (including investment properties)</p> <p>Per the draft statement of accounts, as at 31 March 2023, the value of the PCC's land and buildings was £207 million and represents the largest balance in the accounts. It is subject to valuation changes, impairment reviews and depreciation charges.</p> <p>Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. The PCC continues to engage an external valuation expert to support the valuation of these assets.</p> <p>As this is one of the largest accounting estimates on the balance sheet, and one dependent on a high degree of subjectivity, we deem the valuation of property, plant and equipment to represent an inherent risk of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none">• Considered the work performed by the PCC's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;• Challenged the accuracy of the other inputs and the assumptions used by the PCC's valuer by reference to external evidence;• 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). We tested a sample of 27 items with a total net book value of £54 million. This represents 18% of the total balance;• 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 2022/23 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.	<p>Our work carried out showed:</p> <ul style="list-style-type: none">• We gained assurance of the PCC's valuer, including the scope of the work they performed, their professional capabilities and the results of their work.• Our testing of key asset information used by the valuer challenged the accuracy of the inputs and the assumptions used by the PCC's valuer and we did not identify any issues.• We concluded that the annual cycle of valuations ensured that assets we valued at least every 5 years.• Following our consideration of the rolling programme of valuations we were satisfied that the assets not valued in year were not materially misstated.• The economic lives used was in line with our expectations.• The accounting entries were correctly processed in the financial statements. <p>However, we did identify some classification errors regarding Property, Plant and Equipment (PPE):</p> <ul style="list-style-type: none">• PCC: £891k Depreciation written out on revaluation was misclassified between cost and depreciation.• PCC: £6,080k Incorrect figure extracted as disposals. £7,141k was used instead of £1,061k, leading to an understatement of the revaluation reserve and an overstatement of the capital adjustment account of £6,080k• PCC & CC: £1,275k Incorrect PPE addition classification between PCC & CC. PCC was overstated by £1,275k and CC was understated by £1,275k.• CC & PCC: £1,015k Misclassification lease depreciation was recorded as 'other land and buildings' instead of 'vehicles, plant and equipment'. <p>Overall we are satisfied that the value of land and buildings is materially fairly stated.</p>

Audit risks

Other areas of audit focus (continued)

What is the area of focus?	What did we do?	What are our conclusions?
<p>Pension liability valuation & actuarial assumptions</p> <p>The Local Authority Accounting Code of Practice and IAS19 requires the CC to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Buckinghamshire Council. The PCC must also do similar in respect of the Police Pension Fund.</p> <p>The PCC and CC's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the PCC and CC's balance sheet.</p> <p>At 31 March 2023, this totalled £3,361 million. The information disclosed is based on the IAS 19 report issued to the PCC and CC by the actuary to Buckinghamshire Council and also the Police Pension Fund.</p> <p>Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We have:</p> <ul style="list-style-type: none"> • Liaised with the auditors of Buckinghamshire Pension Fund, and asked for 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 the National Audit Office (NAO) for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; • Evaluated the Pension Fund actuary's liability calculations by engaging EY pensions specialists to assess the reasonableness of the calculations; • Reviewed and tested the accounting entries and disclosures made within the PCC and CC's financial statements in relation to IAS19; and • Reviewed the triennial report, including assurance over the membership information used for the report. 	<p>We have completed the following work:</p> <ul style="list-style-type: none"> • We obtained satisfactory assurances from Grant Thornton over the information supplied to the actuary in relation to Thames Valley Police. • We have 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 the National Audit Office (NAO) for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team and found these to be reasonable. The actuarial reports had been updated to reflect the 2022 triennial valuation report. • We have used our EY Pensions consultancy team to review the roll forward estimate conclude that the Pension Fund actuary's liability calculations were reasonable. • We confirmed that the accounting entries and disclosures had mainly been carried out correctly. Some of the disclosure notes regarding pensions needed amending to reflect the figures shown in the actuarial reports. <p>We identified that there was mis-statement in relation to the value of Pension Fund assets as assessed by the actuary of the Buckinghamshire Pension Fund of which the PCC and CC is an admitted body. We compared the Fund value as estimated by the actuary in December 2022 to the actual Fund value as at 31st March 2023 as reported in the draft financial statements and noted a difference for the Fund of £27 million. Based on the CC's share of the Fund, we have estimated this equated to a difference of £4,910k for the CC. This has not been adjusted for in the accounts. This is below the CC tolerable error of £9,945k and it is an accounting estimate and the difference is due to timing differences.</p> <p>We have one query outstanding in this area.</p> <p>We have not identified any material misstatements of the net pension liability to date.</p>



03 Audit Report



Audit Report

Draft audit report for PCC

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 the Police and Crime Commissioner for Thames Valley for the year ended 31 March 2023 under the Local Audit and Accountability Act 2014 (as amended). 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 48 and the Expenditure and Funding Analysis on pages 22 and 77.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Thames Valley and the Group as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and

- have been prepared properly in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

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 Police and Crime Commissioner for Thames Valley and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner and the Group's ability to continue as a going concern for a period of [twelve months to 31 March 2025](#).

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Police and Crime Commissioner and the Group's ability to continue as a going concern.



Audit Report

Draft audit report for PCC (continued)

Our opinion on the financial statements

Other information

The other information comprises the information included in the Statement of Accounts 2022/23, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the statement of accounts.

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.

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 entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);

- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- 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 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended); or
- we are not satisfied that the Police and Crime Commissioner and the Group have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities for the Accounts set out on page 20, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, and for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's and the Group'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 and the Group either intend to cease operations, or have no realistic alternative but to do so.



Audit Report

Draft audit report for PCC (continued)

Our opinion on the financial statements

The Police and Crime Commissioner and the Group are 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

• We obtained an understanding of the legal and regulatory frameworks that are applicable to the Police and Crime Commissioner and the Group and determined that the most significant are:

- Local Government Act 1972,
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- The Local Audit and Accountability Act 2014 (as amended),
- The Accounts and Audit Regulations 2015,
- The Police Reform and Social Responsibility Act 2011,
- Anti-social behaviour, Police and Crime Act 2014,
- Police Pensions scheme regulations 1987,
- Police Pensions regulations 2006; and
- Police Pensions regulations 2015.

In addition, the Police and Crime Commissioner and the Group have to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.



Audit Report

Draft audit report for PCC (continued)

Our opinion on the financial statements

- We understood how Police and Crime Commissioner and the Group are complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit, those charged with governance, and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Police and Crime Commissioner's and the Group's committee minutes, through enquiry of employees to confirm Police and Crime Commissioner and the Group policies, and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.
- We assessed the susceptibility of the Police and Crime Commissioner's and the Group's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance through inappropriate capitalisation of revenue expenditure, inappropriate revenue recognition of other income – recharges and collaboration and management override of controls to be our fraud risks.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Police and Crime Commissioner's and the Group's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- To address our fraud risk of management override of controls, we reviewed accounting estimates for evidence of management bias, including provisions and financial instruments. We looked for and investigated any unusual transactions and we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

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 in December 2021, as to whether the Police and Crime Commissioner and the Group 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 Police and Crime Commissioner and the Group put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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, the Police and Crime Commissioner and the Group 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 (as amended) to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's and the Group's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



Audit Report

Draft audit report for PCC (continued)

Our opinion on the financial statements

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 Police and Crime Commissioner for Thames Valley Police and the Group'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 work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2023. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to Police and Crime Commissioner for Thames Valley and the Group, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) 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 and the Group, for our audit work, for this report, or for the opinions we have formed.

Andrew Brittain (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Reading
Date



Audit Report

Draft audit report for CC

Our opinion on the financial statements

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

Opinion

We have audited the financial statements of the Chief Constable of Thames Valley for the year ended 31 March 2023 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Chief Constable of Thames Valley Movement in Reserves Statement;
- Chief Constable of Thames Valley Comprehensive Income and Expenditure Statement;
- Chief Constable of Thames Valley Balance Sheet;
- Chief Constable of Thames Valley Cash Flow Statement and the related notes 1 to 24 and the Expenditure and Funding Analysis on page 20; and
- Chief Constable of Thames Valley Pension Fund Account.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Thames Valley as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

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. We are independent of the Chief Constable for Thames Valley 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 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable's ability to continue as a going concern for a period of [twelve months to 31 March 2025](#).

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Chief Constable's ability to continue as a going concern.



Audit Report

Draft audit report for CC (continued)

Our opinion on the financial statements

Other information

The other information comprises the information included in the Statement of Accounts 2022/23, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information contained within the statement of accounts.

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.

Matters on which we report by exception

We report if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);

- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- 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 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended);
- we are not satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

Responsibilities of the Director of Finance

As explained more fully in the Statement of Responsibilities for the Accounts set out on page 18, 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 2022/23, and for being satisfied that they give a true and fair view and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Audit Report

Draft audit report for CC (continued)

Our opinion on the financial statements

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 has 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the [council/authority] and determined that the most significant are:
 - Local Government Act 1972,
 - Local Government Act 2003,
 - The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
 - The Local Audit and Accountability Act 2014 (as amended),
 - The Accounts and Audit Regulations 2015,
 - The Police Reform and Social Responsibility Act 2011,
 - Anti-social behaviour, Police and Crime Act 2014,
 - Police Pensions scheme regulations 1987,
 - Police Pensions regulations 2006; and
 - Police Pensions regulations 2015.

In addition, the Chief Constable has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.



Audit Report

Draft audit report for CC (continued)

Our opinion on the financial statements

- We understood how the Chief Constable is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit, those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Chief Constable's committee minutes, through enquiry of employees to confirm Chief Constable policies, and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.
- We assessed the susceptibility of the Chief Constable's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance through , inappropriate capitalisation of revenue expenditure, inappropriate revenue recognition of other income - recharges and collaboration, and management override of controls to be our fraud risks.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Chief Constable's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- To address our fraud risk of inappropriate revenue recognition of other income - recharges and collaboration, we tested other income of recharges and collaboration using a lower level of materiality.
- To address our fraud risk of management override of controls, we reviewed accounting estimates for evidence of management bias, including provisions and financial instruments. We looked for and investigated any unusual transactions and we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

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 in December 2021, 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 2023.

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, the Chief Constable 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 (as amended) to satisfy ourselves that the Chief Constable of Thames Valley Police has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



Audit Report

Draft audit report for CC (continued)

Our opinion on the financial statements

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 Chief Constable for Thames Valley Police'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 work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2023. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the Chief Constable of Thames Valley, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) 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 of Thames Valley, for our audit work, for this report, or for the opinions we have formed.

Andrew Brittain (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Reading

Date



04 Audit Differences



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 differences

We highlight the following misstatements greater than £663k for the CC and £431k for the PCC which have been corrected by management that were identified during the course of our audit. Until the audit is complete we cannot confirm if further adjustments are necessary.





Corrected adjustments include:

- PCC & Group misclassification: £3,833k PCC deferred income classified as trade payables in error.
- PCC & Group misclassification: £891k Depreciation written out of revaluation was misclassified between cost and depreciation.
- PCC & Group: £6,080k Incorrect figure extracted as disposals. £7,141k was used instead of £1,061k, leading to an understatement of the revaluation reserve and an overstatement of the capital adjustment account of £6,080k.
- PCC & Group: £1,107k misstatement in council tax balances. If a local authority does not provide their council tax position on time, the Authority estimates the position using an average. All the submissions have now been received and when we compared the actual submissions against the estimates, there were material differences that have now been corrected. This resulted in increasing debtors by £7,556k, increasing creditors by £6,449k in the balance sheet, and council tax income in the comprehensive income and expenditure account by £1,107k.
- CC & Group : £2,000k misclassification regarding the legal accrual, TVP identified that per their policy this should be trade payables and not other payables. This only affects the disclosure note.
- CC & Group: £2,000k legal accrual above had been included as an expense and creditor in error, since this was included in the adjusted 2021/22 financial statements.
- PCC & CC: £1,275k Incorrect PPE addition classification between PCC & CC. PCC was overstated by £1,275k and CC was understated by £1,275k.
- CC & PCC: £1,015k Misclassification - lease depreciation was recorded as ‘other land and buildings’ instead of ‘vehicles, plant and equipment’.
- CC & PCC: £8,431k CC capital charges were recorded as PCC capital charges in error.

Audit Differences

Summary of unadjusted differences

In addition we highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. We request that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Joint Independent Audit Committee and provided within the Letter of Representation:

Uncorrected misstatements 31 March 2023 (£'000)		Effect on the current period:		Net assets (Decrease)/Increase			
		 Other Comprehensive Income Debit/(Credit)	 Comprehensive Income and Expenditure Statement Debit/(Credit)	 Assets current Debit/ (Credit)	Assets non current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors							
Known differences:							
• CC Omitted provision in the financial statements			900			(900)	
Judgemental differences:							
• CC Mis-statement re asset valuation in Pension Fund - this is in relation to a difference in the value of Pension Fund assets as assessed by the actuary of the Buckinghamshire Pension Fund of which the CC is an admitted body. We compared the Fund value as estimated by the actuary in December 2022 to the actual Fund value as at 31st March 2023 as reported in the draft financial statements and noted a difference of £4,146k. This is below the CC tolerable error of £9,945k and it is an accounting estimate where the errors are due to timing differences. (Please note this pension adjustment would get reversed out of the General Fund through the movement to pension reserves).			4,146				(4,146)
Cumulative effect of uncorrected misstatements before turnaround effect		Nil	5,046	Nil	Nil	(900)	(4,146)
Turnaround effect. See Note 1 below.			2,094				
Cumulative effect of uncorrected misstatements, after turnaround effect		Nil	7,140	Nil	Nil	(900)	(4,146)

There are no amounts that we identified that are individually or in aggregate material to the presentation and disclosures of the consolidated financial statements for the year ended 31 March 2023.

Note 1: turnaround effect is the impact of uncorrected misstatements related to the prior period, on results of the current period. I.e. the PCC pension error not corrected £0.6m, asset disposal error £0.8m, provision error £0.7m.



Audit Differences (continued)

Summary of differences (continued)

There were various misstatements in the disclosure notes [which have now been corrected](#), the main ones were:

- Group: Note 6 Adjustments between accounting basis and funding basis under regulations - "Reversal of entries in relation to capital expenditure (charged to the capital adjustment account)" should be £21,621k instead of £16,376k, to be consistent with the PCC and CC figures in the financial statements. This is being corrected.
- PCC note 35 and CC note 5 Expenditure and Funding Analysis - In the PCC accounts, the "Other income & expenditure from the expenditure & funding analysis" figure of £3,319k includes adjustments from CC of -£5,154k. The correct figure should be £8,461k. Similarly the CC accounts have not included the £5,154k in "Other income & expenditure from the expenditure & funding analysis". This is being corrected.
- Some minor adjustments have been identified and actioned including note 31 Nature and extent of risk arising from financial instruments.

Until the audit is complete, we cannot confirm if further adjustments are necessary.



05 Value for Money



Value for money

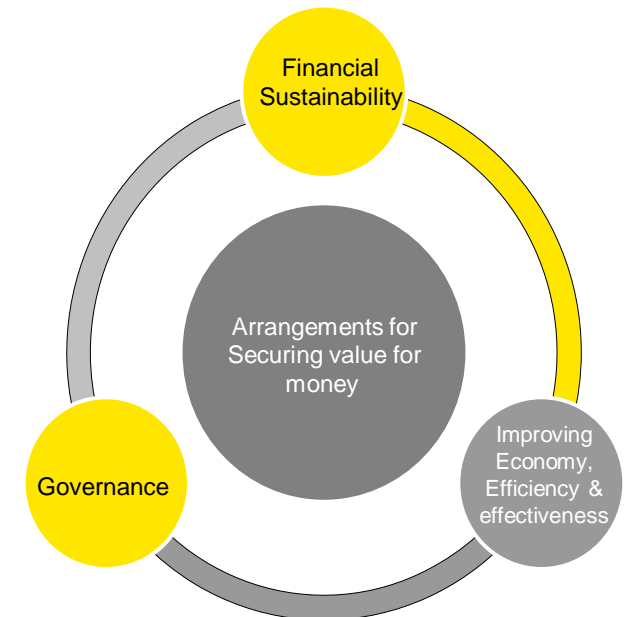
The PCC and CC's responsibilities for value for money (VFM)

The PCC and CC is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the PCC and CC is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the PCC and CC tailor the content to reflect its own individual circumstances, consistent with the requirements set out in the Cipfa code of practice on local authority accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment

In December 2023, we have reported to the JIAC the outcome of our assessment of the risk of significant weaknesses in the PCC and CC's VFM arrangements and noted that we had not identified any risks. We have revisited our risk assessment and have not identified any additional risks.



Status of our VFM work

We have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03). We plan to issue the VFM commentary as part of issuing the Auditor's Annual Report.



06 Other reporting issues

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 2022/23 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.

Financial information in the Statement of Accounts 2022/23 and published with the financial statements is consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

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 have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts (WGA) submission. Although the PCC & CC are below the threshold set by the NAO, we cannot currently conclude on WGA work until the NAO confirms if they would like any additional procedures performed. This will delay our issuing of the audit certificate.

Other reporting issues

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 Authority 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.

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 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;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group audits.

We have nothing to comment in respect of these.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

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 deficiencies we identify in internal control.

Observation:

TVP's valuer (LSH) and TVP do not reconcile their area calculations between plans that TVP have provided to LSH and LSH's own inspections.

Recommendation:

Plans should be reconcile to ensure the correct area is being valued.

Observation:

Police Pension Fund lump sum payments: XPS, the service organisation who provide the figures for the lump sum amounts, used 1987 scheme commutation factors in the 2015 police pension scheme calculations, without being able to justify the reason why.

Recommendation:

Controls should be put in place to ensure TVP are able to support the reasoning for why each commutation factor is used for each case and to be satisfied that the correct amount is paid each time.

Observation:

Police Pension Fund lump sum calculations. It was identified that there were no controls in place to check the accuracy of the lump sum calculations provided by the service organization.

Recommendation:

Controls should be put in place to ensure lump sum calculations are calculated correctly.

Observation:

There are some large misclassifications occurring on the production of the financial statements, particularly in the area of PPE.

Recommendation:

The Statement of Accounts should be reviewed critically to identify any large misstatements before they are published.

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.



08 Data Analytics



Data Analytics - Journal Entry Testing

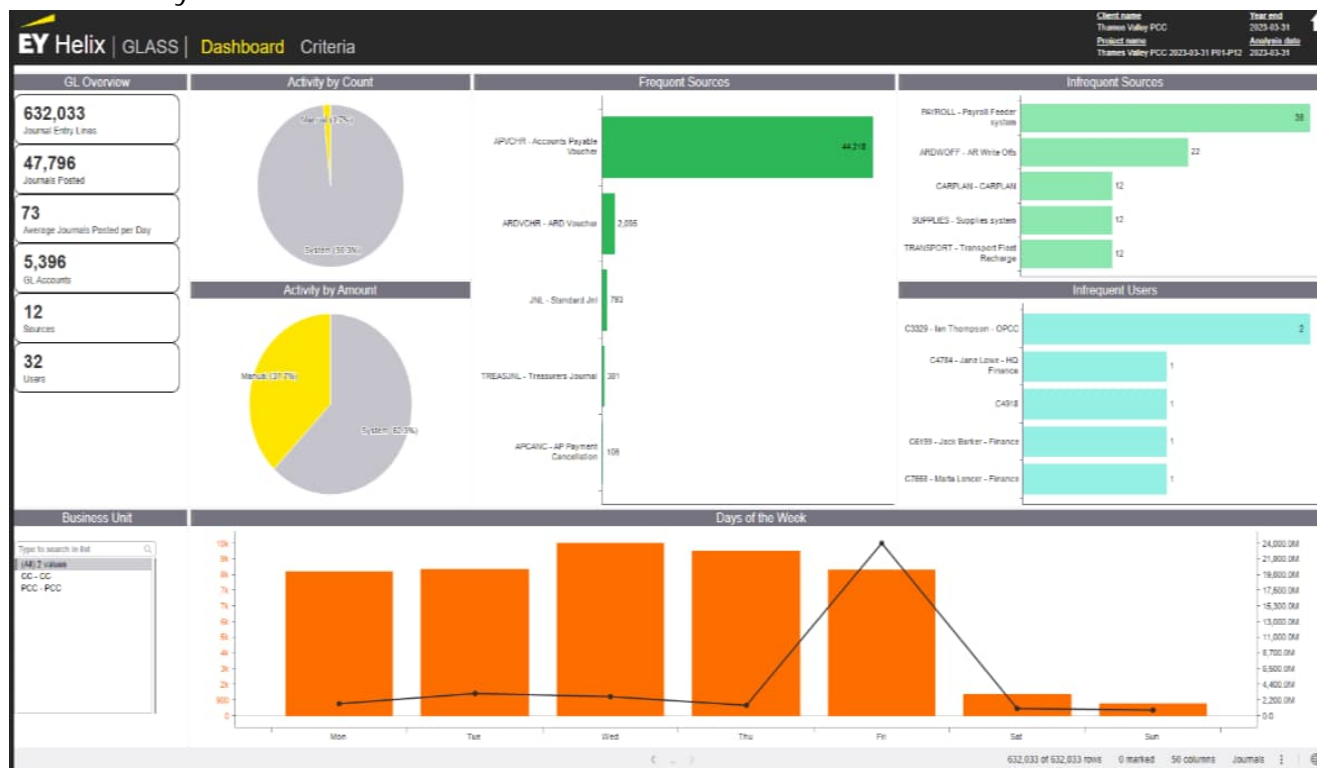
What is the risk?

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.

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.

Journal entry data criteria – PCC/CC's – 31 March 2023



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.



09

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the PCC/CC, and its members and senior management and its affiliates, including all services provided by us and our network to the PCC/CC, its members 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 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

Description	Proposed final Fee 2022/23 £	Planned Fee 2022/23 £	Final Proposed Fee 2021/22 £
Audit Scale Fee – Code work	60,710	60,710	45,662
Recurring adjustment to scale fee (note 1)	17,842	17,842	32,900
Additional Fees:			
- Additional work on PPE	TBC	TBC	12,660
- VFM additional procedures (note 2)	TBC	6,000-10,000	6,854
- Going concern assessment & disclosure	TBC	4,000-5,000	4,378
- EY internal consultation on audit report	TBC	2,000-3,000	1,900
- Revised auditing standard for estimates (note 2)	TBC	5,000-7,000	6,520
- Data analytics issues	-	-	11,373
Non-audit work	-	-	-
Total	TBC	TBC	122,237

Note 1: From 2019/20 officers agreed our proposed increase to the scale fee for the PCC and CC collectively of £32,900, on a recurring basis, to take into account a number of risk factors which includes procedures performed to address the risk profile of the PCC and CC and additional work to address the increase in Regulatory standards. In 2022/23, PSAA have revised the scale fee to reflect an element of that, hence the reduction in the recurring adjustment amount noted above.

Note 2: The new VFM arrangements and revised ISA 540 (estimates) result in a scale fee variation (applicable from 2020/21 onwards). PSAA have published guidance on these matters and advice for minimum additional fees, for a PCC and CC.

We will discuss with the Chief Financial Officer and Director of Finance any additional audit fee in relation to the above matters on completion of the audit. Any increase from the scale fee also requires approval from PSAA.

We confirm that we have not undertaken non-audit work outside the NAO Code.

Other communications

EY Transparency Report 2023

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 2023:

[EY UK 2023 Transparency Report | EY UK](#)



10 Appendices




Audit approach update

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

Appendix B

Summary of communications




Date 	Nature 	Summary 
June 2023	Report/Meeting	The Outline Audit Planning Report, including confirmation of independence, was issued to the JIAC for meeting on 16 June 2023
August 2023	Planning enquiries	Planning enquiries made of management
September 2023	Management and TCWG letters issued	The PCC, CC and senior officers were sent formal letters of enquiry in respect of key matters such as fraud, laws and regulations, going concern and litigation and claims
September 2023	Letters	Formal responses received from the PCC, CC and senior officers in respect of year end letters issued as at 31 March 2023
October 2023	Meeting	Andrew Brittain, the partner in charge of the engagement, accompanied by the manager of the audit team, Alison Kennett, updated JIAC on the progress of the audit.
December 2023	Report	The Draft Audit Results Report, including confirmation of independence, was issued to the JIAC.
March 2024	Report	Audit Results Report issued to JIAC for the meeting on 8 March 2024
June 2024	Report	Auditors Annual Report issued to JIAC for the meeting on 14 June 2024

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 Joint Internal Audit Committee





There are certain communications that we must provide to the those charged with governance of UK entities. 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.	Outline audit planning report presented at the JIAC meeting on 16 June 2023.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Outline audit planning report presented at the JIAC meeting on 16 June 2023.
Significant findings from the audit	<ul style="list-style-type: none"> • 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 	Draft Audit Results Report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.




Appendix C

		 Our Reporting to you	
Required communications	 What is reported?	  When and where	
Public Interest Entities	<p>For the audits of financial statements of public interest entities our written communications to the audit committee include:</p> <ul style="list-style-type: none"> • 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 significant matters discussed with management • Any other matters considered significant 	<p>Outline audit planning report presented at the JIAC meeting on 16 June 2023.</p> <p>Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.</p>	

Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty related to going concern • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The appropriateness of related disclosures in the financial statements 	Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.
Fraud	<ul style="list-style-type: none"> • Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • 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 entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> 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. 	Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.





Appendix C

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • 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 entity 	Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • 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 <p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Outline audit planning report presented at the JIAC meeting on 16 June 2023.</p> <p>Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.</p>

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures. 	Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.
Consideration of laws and regulations	<ul style="list-style-type: none"> 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 audit committee into possible instances of non-compliance with laws and 	Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Outline audit planning report presented at the JIAC meeting on 16 June 2023. Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.




Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Group Audits	<ul style="list-style-type: none"> • 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. 	<p>Outline audit planning report presented at the JIAC meeting on 16 June 2023.</p> <p>Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.</p>
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> • Written representations we are requesting from management and/or those charged with governance 	<p>Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.</p>
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> • Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	<p>Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.</p>
Auditors report	<ul style="list-style-type: none"> • Key audit matters that we will include in our auditor's report • Any circumstances identified that affect the form and content of our auditor's report 	<p>Draft audit results report presented at the JIAC meeting on 15 December 2023 and Audit Results Report presented at the JIAC meeting on 8 March 2024.</p>

Appendix D

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Whole of Government Accounts	We will send the assurance statement to the NAOs after the audit has been completed and the accounts signed.	EY and management
Pensions and IAS 19 Review	Response required from Grant Thornton as external auditor of Buckinghamshire Pension Fund. EY Pensions consultancy team to complete their report on the Pension Fund actuary's liability calculations.	EY, management and Grant Thornton
Land and buildings (PPE)	EY to complete existence testing	EY
Recharges and collaboration	EY to complete existence testing	EY
Capital adjustment account	Query with PCC/CC	EY and management
Capital financing requirement	EY to follow up after receiving clarification on the account	EY
Adjustment between accounting and funding basis account	EY to complete	EY
Narrative report	Need final versions to audit	EY and management
Going concern assessment	EY to complete review of Management's going concern assessment	EY and management
Various	Clearance of review notes	EY
Management representation letter	Receipt of signed management representation letter	Management and JIAC
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and management
Final Manager, Engagement Partner Review and Engagement Quality Review	EY to complete final review of audit file upon full completion of all procedures above and receipt of final versions of the financial statements	EY and management

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion. A draft of the current opinion is included in Section 3.

Appendix E

Draft management representation letter – For PCC and Group

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young
R+ Building
2 Blagrove St
Reading
RG1 1AZ

Dear Andrew

This letter of representations is provided in connection with your audit of the consolidated and single entity financial statements of Police and Crime Commissioner for Thames Valley ("the PCC and Group") for the year ended 31 March 2023. 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 consolidated and PCCPCC financial statements give a true and fair view of the PCC and Group financial position of the PCC and Group as of 31 March 2023 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the PCC and Group CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our consolidated and PCC 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

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the PCC and Group the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the PCC and Group, our responsibility for the fair presentation of the consolidated and PCC financial statements. We believe the consolidated 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 PCC and Group in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) and are free of material misstatements, including omissions. We have approved the consolidated and PCC financial statements.
3. The significant accounting policies adopted in the preparation of the PCC and Group financial statements are appropriately described in the PCC and Group financial statements.
4. As members of management of the PCC and Group, we believe that the PCC and Group 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 Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) for the PCC and Group that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic and the effects of the conflicts and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.

Appendix E

Draft management representation letter – For PCC and Group

Management Rep Letter (continued)

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 consolidated and PCC financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because [specify reasons for not correcting misstatement].

6. We confirm the PCC and Group does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the PCC and Group's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing 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 consolidated 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 PCC or Group (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 consolidated 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 all material transactions, events and conditions are reflected in the consolidated and PCC financial statements, including those related to the COVID-19 pandemic and including those related to the conflict can related sanction in Ukraine, Russia and/or Belarus.

3. We have made available to you all minutes of the meetings of the PCC and Group, and the following committees Joint Independent Audit Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: [list date].

Appendix E

Draft management representation letter – For PCC and Group

Management Rep Letter (continued)

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the PCC and Group'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 consolidated and PCC financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

6. We have disclosed to you, and the PCC and Group has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and PCC financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From 6th October 2023 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact on the PCC and Group financial statements, in each case or in the aggregate, and ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and PCC financial statements.

2. 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 to litigation and claims, both actual and contingent, and have disclosed in the consolidated and PCC financial statements all guarantees that we have given to third parties.

4. We actioned the court decision made on the Allard case, which involved extracting data from very sensitive source documentation to a spreadsheet. We can confirm that the information from the source documentation is accurately reflected in the spreadsheet that was submitted for audit.

E. Going Concern

1. Group general accounting policies, note a. General principles to the consolidated and PCC financial statements discloses all the matters of which we are aware that are relevant to the PCC and Group's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. There have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to year end which require adjustment of or disclosure in the consolidated and PCC financial statements or notes thereto.

Draft management representation letter – For PCC and Group

Management Rep Letter (continued)

G. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst the PCC, subsidiary undertakings and associated undertakings.

H. Other information

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

I. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered, including the impact resulting from the commitments made by the PCC and Group, and reflected in the consolidated and PCC financial statements.
2. The key assumptions used in preparing the consolidated and PCC financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), aligned with the statements we have made in the other information or other public communications made by us (see section H).

J. Reserves

1. We have properly recorded or disclosed in the consolidated and PCC financial statements the useable and unusable reserves.

K. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the consolidated and PCC financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the consolidated and PCC financial statements).
2. 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 for: matters of routine, normal, recurring nature none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the consolidated and PCC financial statements or as a basis for recording a loss contingency.

L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the IAS19 actuarial valuations of pension liabilities and the valuation of operational land and buildings and investment properties. We have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and PCC 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.

Appendix E

Draft management representation letter – For PCC and Group

Management Rep Letter (continued)

M. Pension Liability and PPE & Investment Property (IP) Estimates

1. We confirm that the significant judgments made in making the pension liability and property, plant and equipment and investment property estimates have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the pension liability and property, plant and equipment and investment property estimates.
3. We confirm that the significant assumptions used in making the pension liability and property, plant and equipment and investment property estimates appropriately reflect our intent and ability to carry out the valuations on behalf of the entity.
4. We confirm that the disclosures made in the consolidated and PCC entity financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the pension liability and property, plant and equipment and investment property estimates.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and parent entity financial statements, including due to the COVID-19 pandemic.

N. Retirement benefits

1. 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,

Chief Financial Officer/Finance Director

Police and Crime Commissioner for Thames Valley

Draft management representation letter – For CC

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young
R+ Building
2 Blagrove St
Reading
RG1 1AZ

Dear Andrew

This letter of representations is provided in connection with your audit of the financial statements of Chief Constable of Thames Valley ("the CC") for the year ended 31 March 2023. 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 financial statements give a true and fair view of the CC's financial position of the Chief Constable of Thames Valley as of 31 March 2023 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), 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

1. 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 Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the CC, our responsibility for the fair presentation of the financial statements. We believe the 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 CC in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the CC, we believe that the CC has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls and the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus] on our system of internal controls.

Appendix E

Draft management representation letter – For CC

Management Rep Letter (continued)

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. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].

6. We confirm the CC does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the CC'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 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 CC (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- involving financial improprieties;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the CC'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 CC'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 all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

3. We have made available to you all minutes of the meetings of the CC and the following committees: Joint Independent Audit Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: [list date].

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the CC'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 period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the financial statements.

Appendix E

Draft management representation letter – For CC

Management Rep Letter (continued)

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with applicable financial reporting framework.

6. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

7. We have disclosed to you, and the CC has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

8. From 6th October 2023 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. 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 to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

4. We actioned the court decision made on the Allard case, which involved extracting data from very sensitive source documentation to a spreadsheet. We can confirm that the information from the source documentation is accurately reflected in the spreadsheet that was submitted for audit.

E. Going Concern

1. General accounting policies, note a. General principles to the financial statements discloses all the matters of which we are aware that are relevant to the CC's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. There have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Statement of Accounts, the Narrative Report and Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

Draft management representation letter – For CC

Management Rep Letter (continued)

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered, including the impact resulting from the commitments made by the CC, and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), aligned with the statements we have made in the other information or other public communications made by us (see section G).

I. Reserves

1. We have properly recorded or disclosed in the CC financial statements the useable and unusable reserves.

J. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
2. 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 for: matters of routine, normal, recurring nature none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the IAS19 actuarial valuations of pension liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the 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.

L. Pension Liability Estimate

1. We confirm that the significant judgments made in making the pension liability have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the pension liability.
3. We confirm that the significant assumptions used in making the pension liability appropriately reflect our intent and ability to carry out pension liability valuation on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the pension liability.
6. We confirm that no adjustments are required to the accounting estimate and disclosures in the financial statements, including due to the COVID-19 pandemic.



Appendix E

Draft management representation letter – For CC

Management Rep Letter (continued)

M. Retirement benefits

1. 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,

Director of Finance

Chief Constable of Thames Valley Police

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com