

## **INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER CAMBRIDGESHIRE AND PETERBOROUGH**

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

We have audited the financial statements of the Police and Crime Commissioner for Cambridgeshire and Peterborough (“the Police and Crime Commissioner”) and the Chief Constable of Cambridgeshire Constabulary (together comprising “the group”) for the year ended 31 March 2021 which comprise the Police and Crime Commissioner and the group Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, Cash Flow Statements and Pension Fund Account and related numbered notes and the Expenditure and Funding Analysis note to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner as at 31 March 2021 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the group as at 31 March 2021 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 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### **Basis for opinion on the financial statements**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the National Audit Office in April 2020 (“Code of Audit Practice”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Police and Crime Commissioner and group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In auditing the financial statements, we have concluded that the Chief Finance Officer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, 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’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

### **Other information**

The Chief Finance Officer is responsible for the other information. The other information comprises the Narrative Statement together with all other information included in the Statement of Accounts, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and,

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Report on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### ***Matters on which we are required to report by exception***

We are required to report to you if, in our opinion, we are not satisfied that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Police and Crime Commissioner's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Police and Crime Commissioner's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

#### ***Responsibilities of the Police and Crime Commissioner***

The Police and Crime Commissioner is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

#### ***Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources***

We are required under section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

#### **Other matters on which we are required to report by exception**

We have nothing to report in respect of the following other matters which the Code of Audit Practice requires us to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement is not misleading or inconsistent with other information that is forthcoming from the audit;

- we issue a report in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit;
- we designate under section 24 of the Local Audit and Accountability Act 2014 any recommendation as one that requires the Police and Crime Commissioner to consider it at a public meeting and to decide what action to take in response;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

### **Responsibilities of the Chief Finance Officer and the Police and Crime Commissioner**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which comprises 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, and for being satisfied that the financial statements give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's and 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 intends to cease operations of the Police and Crime Commissioner or group or has no realistic alternative but to do so.

The Police and Crime Commissioner is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities for the audit of the financial statements**

In respect of our 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.

### ***Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our procedures included the following:

- enquiring of officers, the Police and Crime Commissioner's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation in respect of the Police and Crime Commissioner's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Police and Crime Commissioner's controls relating to Managing Public Money requirements;
- discussing among the engagement team and involving relevant internal specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: expenditure recognition and posting of unusual journals; and
- obtaining an understanding of the Police and Crime Commissioner's framework of authority as well as other legal and regulatory frameworks that the Police and Crime Commissioner operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Police and Crime Commissioner. The key laws and regulations we considered in this context include:
  - Local Government Acts of 1972 and 2003;
  - Local Government Finance Acts of 1988, 1992 and 2012;
  - Police Reform and Social Responsibility Act 2011;
  - International accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21;
  - Local Audit and Accountability Act 2014;
  - Accounts and Audit Regulations 2015;
  - VAT legislation; and
  - PAYE legislation.

In addition to the above, our procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management, the Joint Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- substantively testing an increased sample of expenditure around the year end.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

## Auditor's other responsibilities

As set out in the Other matters on which we report by exception section of our report there are certain other matters which we are required to report by exception.

### Certificate - delay in completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Police and Crime Commissioner Cambridgeshire and Peterborough for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have:

- completed our work on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- completed the work necessary to issue our assurance statement in respect of the Police and Crime Commissioner's Whole of Government Accounts consolidation pack.

We are satisfied that this work does not have a material effect on the financial statements.

### Use of our report

This report is made solely to the Police and Crime Commissioner, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Responsibilities of the Audited Body and Responsibility of the Auditor within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2020. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to him in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for our audit work, for this report, or for the opinions we have formed.

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Rachel Brittain

For and on behalf of BDO LLP, Appointed Auditor

London, UK

28 January 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).