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PCC
Office of the Police
and Crime Commissioner
Devon and Cornwall



DORSET
POLICE & CRIME
COMMISSIONER

Independent Audit Committee

Meeting: Tuesday, 27th September, 2022 at 9.30 am
Venue: Microsoft Teams

AGENDA

- 1. Election of a Chair for the period to September 2023**
To elect a Chair.
To be conducted by Karen James.
- 2. Election of a Vice Chair for the period to September 2023**
To elect a Vice Chair.
To be conducted by the Chair.
- 3. Apologies for absence**
To record apologies for absence received from members.
- 4. Declarations of Interest, Equality and Health and Safety Obligations**
To receive new declarations by members of (a) personal interest [including their nature] and (b) prejudicial interests and to remind members of their responsibility to consider equality and health and safety in all of their decisions.
- 5. Minute Items [FOIA - Open] (Pages 1 - 8)**
To confirm the minutes from the previous Independent Audit Committee.
To be presented by the Chair.
- 6. Minute Items [FOIA - Closed (Various)] (Pages 9 - 12)**
To confirm the minutes from the previous Independent Audit Committee.
To be presented by the Chair
- 7. Action Log [FOIA - Open] (Pages 13 - 20)**
To review the action log and receive updates for ongoing actions.
- 8. Significant Committee Business [FOIA – Open]**
To be presented by the Chair.
- 9. Internal Audit Quarterly Update and Highlights [FOIA - Open] (Pages 21 - 24)**
To be presented by David Hill.
- 10. Statement of Accounts for Devon and Cornwall 2021/22 [FOIA - Open]**
 - a) The PCC and group accounts [FOIA - Open] (Pages 25 - 130)
 - b) The Chief Constable's accounts [FOIA - Open] (Pages 131 - 192)

- 11. External Audit Quarterly Report [FOIA - Open]**
 - a) Quarterly Progress Report (Pages 193 - 212)
 - b) Informing the Audit Risk Assessment 2021/22 - Devon & Cornwall (Pages 213 - 246)
 - c) Informing the Audit Risk Assessment 2021/22 - Dorset
 - d) Joint Audit Findings Report 2021/22 - Devon & CornwallTo be presented by Alex Walling/Mark Bartlett.
- 12. Annual Assurance Mapping Report [FOIA - Open]** (Pages 247 - 256)
To be presented by Jo George.
- 13. CIPFA Report - Internal Audit - Untapped Potential [FOIA - Open]** (Pages 257 - 262)
To be presented by Karen James.
- 14. PSAA Procurement Process Update [FOIA - Open]** (Pages 263 - 270)
To be presented by Karen James.
- 15. Annual Review of the Terms of Reference and Operating Principles [FOIA - Open]** (Pages 271 - 286)
To be presented by Karen James.
- 16. Verbal Update by Chief Constable/PCC Devon & Cornwall (Open Invitation)**
To be presented by the PCC/Chief Constable
- 17. Verbal Update by Chief Constable/PCC Dorset (Open Invitation)**
To be presented by the PCC/Chief Constable

Attendance

Tom Grainger	Interim Chair
Gordon Mattocks	Committee Member
David Bowles	Committee Member
Rachael Tiffen	Committee Member
Phil Rook	Committee Member
Sandy Goscomb	Director of Finance and Resources
Tim Newman	Chief Finance Officer Dorset
Alison Hernandez	Police and Crime Commissioner (Devon and Cornwall)
Neal Butterworth	Head of Finance (Devon and Cornwall and Dorset Police)
Julie Strange	Treasurer (OPCC Dorset)
Lucinda Hines	Head of Technical Accounting (Alliance)
Karen James	Head of Alliance Audit, Insurance and Strategic Risk Management
Jo George	Senior Audit Manager
Alex Walling	Director (Grant Thornton)
Mark Bartlett	Audit Manager (Grant Thornton)
David Hill	Chief Executive South West Audit Partnership
Tracey Kirkpatrick	South West Audit Partnership
Simon Bullock	Chief Executive (OPCC Dorset)

Oliver Marks

Alliance Information Management

Apologies

David Sidwick
Shaun Sawyer
Nicola Allen
Frances Hughes
Scott Chilton

Police and Crime Commissioner Dorset
Chief Constable (Devon and Cornwall)
Treasurer (OPCC Devon and Cornwall)
Chief Executive (OPCC Devon and Cornwall)
Chief Constable (Dorset)

The Public Sector Equality Duty (PSED) as set out in **section 149 of the Equality Act 2010** requires public bodies to have **due regard** to the need to:

1. Eliminate unlawful discrimination, harassment, victimisation and any other prohibited conduct prohibited by the Act; and
2. Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
3. Foster good relations between people who share a protected characteristic and people who do not share it.

Protected Characteristics are age; disability; gender reassignment; pregnancy and maternity; race (including ethnic or national origins, colour or nationality; religion or belief (including lack of belief); sex and sexual orientation.

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Independent Audit Committee

Tuesday 28th June 2022 at 09:30

Via Microsoft Teams

OPEN MINUTES

Attendance

Helen Donnellan (Chair)
Tom Grainger (Vice-Chair)

Chair
Vice Chair

Jo Norton
Gordon Mattocks
Sandy Goscomb

Committee Member
Committee Member
Director of Finance and Resources (Devon & Cornwall Police)

Tim Newman
David Sidwick
Nicola Allen
Neal Butterworth

Chief Finance Officer (Dorset Police)
Police and Crime Commissioner Dorset
Treasurer (OPCC Devon and Cornwall)
Head of Finance (Devon and Cornwall and Dorset Police)

Julie Strange
Lucinda Hines
Karen James

Treasurer (OPCC Dorset)
Head of Technical Accounting (Alliance)
Head of Alliance Audit, Insurance and Strategic Risk Management

Jo George
Alex Walling
David Hill

Senior Audit Manager
Director (Grant Thornton)
Chief Executive South West Audit Partnership

Paul Kessell
Roberts Teri
Phil Rigg

Head of Alliance Professional Standards
Risk Manager (Dorset)
Planning & Performance Manager (Devon & Cornwall)

Apologies

Alison Hernandez

Police and Crime Commissioner (Devon and Cornwall)

Shaun Sawyer
Frances Hughes

Chief Constable (Devon and Cornwall)
Chief Executive (OPCC Devon and Cornwall)

Scott Chilton
Simon Bullock

Chief Constable (Dorset)
Chief Executive (OPCC Dorset)

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Mark Bartlett
Oli Marks
David Bowles
Tracey Kirkpatrick

Audit Manager (Grant Thornton)
Alliance Information Manager
Committee Member
South West Audit Partnership

02/22/01 Apologies for absence

As recorded above.

02/22/02 Declarations of Interest, Equality and Health and Safety Obligations

No declarations of interest. Previous declarations made by Karen James – a director of SWAP still stands.

02/22/03 Open Minute Items [FOIA – Open]

SG responded to questions posed by IAC and advised the Environment and Sustainability Strategy was not yet available for publication as it was agreed a week ago. SG reassured IAC there have been a significant number of custody procedure reviews since 2021, done internally and therefore they are not in the Internal Audit Plan. SG also advised Information Management has been removed from the overall risk register and suggested TR would be able update on risk management training. JS advised that the pension audit letter for Dorset has not yet been received and the PCC will be writing to ascertain timescales.

01/22/16 Amendment to minutes: 'SG commented that the focus on this 'is' in PSD is around internal corruption - remove 'is'.

02/22/04 Closed Minute Items [FOIA – Various]

No issues raised.

02/22/05 Action Log [FOIA – Open]

The action log was reviewed, and updates were received for ongoing actions.

02/22/06 Significant Committee Business [FOIA – Open]

HD pointed out the IAC recruitment process is underway. IAC asked for consultation on the range of mandatory training topics and clarification of the process and timing.

ACTION: KJ to investigate mandatory training requirements for IAC and provide clarification.

HD informed that 2022 Audit Committee guidance is awaited from CIPFA, and this will need to be reflected in the Terms of Reference for IAC.

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HD advised the IAC Annual Report to the CCs and PCCs is in proof reading stage and will be sent to CCs, PCCs in due course.

HD suggested that the system for gathering questions before IAC meetings could be more efficient and they would welcome the use of file sharing software for this.

SG and JG presented a briefing paper on the areas that will be covered by HMICFRS inspections in 2022/23 and an update on the process from Karen Mellodew (KM), Head of Performance & Analysis, as requested by the Chair at the April meeting. The Chair asked that thanks be given to KM, SG and JG for the comprehensive work.

IAC asked if the HMICFRS assessment could be amended once the report is available. SG pointed out that after the inspectors produce their report, they provide a debrief. However, there is little chance of changing judgements at that stage. Issues are raised during the assessment. SG reassured IAC of the substantial structure within and outside the Force managing the HMICFRS process and providing assurance.

Devon & Cornwall's Police Effectiveness, Efficiency and Legitimacy, (PEEL) report from HMICFRS is due to be published in the autumn although the exact date is not yet known. Governance of the PEEL report was discussed, and it was agreed to inform IAC when it has been published on the website, but not necessary to bring to this meeting.

02/22/07 Internal Audit [FOIA – Open]

SG advised the Voyager records management system is anticipated to be introduced in both forces by the end of 2022. This is managed through the PRISM Board. The main difficulty concerns data quality and debate on the level of risk in moving to a single system. The project team are currently trying to balance confidence of data with the speed of the system. The main risk is not achieving the full benefits of the system. JN made a plea that if there are separate systems to avoid creating more issues with data. SG advised of the extensive data cleansing project currently underway. PRISM is working well raising awareness and the Voyager Project Board is effective in identifying key items.

02/22/08 External Audit [FOIA - Open]

IAC raised concern that the report does not state dates for Grant Thornton's work after June 2022 for the audit of Dorset accounts for the year ending 31/3/2022. AW explained Chief Finance Officers (CFOs) have been alerted to this, caused by the person scheduled for the work moving roles. GT are recruiting but it is difficult to recruit qualified auditors. GT are exploring options and will contact the CFOs when they have a solution. AW stated there is no advantage in giving dates until someone is identified to complete the audit. HD asked to be advised as soon as the dates are known. AW also stated that GT currently has six or seven clients in the southwest region with no audit lead.

IAC sought an explanation on the costs and savings due to remote working. AW explained that where an established team is in place, remote working works well. However, working with trainees on site is beneficial and GT cannot continue to

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absorb this cost. JN said AW had implied remote working is not always efficient and asked whether it would be better to attend if that is a more efficient approach. AW has had conversations with the CFOs, and they recognise this would be helpful on occasion. The situation will be reviewed at the end of audit as both sides are keen to make the audits work, which was confirmed by SG. The proposed increase in costs have been discussed in principle with the PSAA, who have yet to agree these.

AW stated the 2021-2022 Audit Risk Assessment is with management at present. The pension letter from Deloitte on the audit of the Local Government Pension Scheme (LGPS) has still not been received. Information from this letter needs to be reviewed before GT can give an opinion on the Dorset accounts for 2020-21. Devon & Cornwall Police accounts for 2020-21 cannot be closed completely as GT are still waiting for Whole Government Accounts (WGA) information from central government.

Devon & Cornwall Police audits for 2021-22 have commenced and GT are waiting for information from the National Audit Office. AW advised the Dorset Value for Money work can start. However, as this task can be done at any time, due to the backlog of the completion of the accounts, accounts preparation has been prioritised.

IAC asked about the figure for materiality. AW replied that materiality has been increased for Devon & Cornwall Police based on accounts. AW advised that GT determines materiality and explained how they reach the figures considering entities and complexity.

IAC asked JS about a letter received from Home Office about Dorset not having published accounts with an audit opinion. JS informed IAC that she replied to the Home Office informing them of the challenges and impact of accounts not having been finalised. The Home Office responded, thanking JS for enlightening them about the issues.

02/22/09 Annual report on Insurance Claims Data/Insurable Risk
[FOIA - Open]

KJ provided a summary of the total cost of the insurance risk over the past six insurance years. KJ explained that a premium is agreed at tender and when a contract is revisited insurers may suggest an increase. At that point work is commissioned to inform the decision on the excess level to accept. KJ assured insurance claims are constantly monitored and generally considered low compared when benchmarked against other organisations.

TG asked if a hindsight evaluation is done when excess levels are increased. KJ stated it was part of the report, but such an evaluation is not done as an annual process. SG suggested KJ discuss this matter with Finance outside of the meeting.

Action: KJ agreed to develop the insurance report to inform a CFO hindsight evaluation of the impact of increasing the insurance excess levels.

KJ also clarified the process for managing Employers Liability and Public Liability long-term outstanding claims as a high number of claims remain unsettled.

02/22/10 Treasury Management Outturn [FOIA - Open]

NA and JS presented the 2021/22 Treasury Management Outturn reports for Devon & Cornwall and Dorset, prior to approval by the Commissioners. IAC thanked NA and JS for the easy-to-read reports.

NA clarified that Devon & Cornwall Police have low-level external borrowing. The Capital Strategy outlined the preference for internal borrowing before external borrowing and trying to avoid borrowing on short term assets. Therefore, 100% liquid funds are committed to funding the capital programme. NA confirmed slippage on the capital programme due to a combination of reasons including the economic climate, pandemic and the situation in Ukraine. Obtaining supplies and inflation is delaying progress and there have been discussions whether some projects should be deferred for a longer period. NA advised that the interest base rate is expected to rise, and regular discussions are held with advisors. NA also reassured IAC that she and SG are in the process of reviewing the capital programme.

IAC asked for clarification of actions taken by the Treasurers and Finance Officers to adapt to spiralling costs since setting the budget for 2022/23. NA advised she and SG have regular discussions about the increase in cost of living and pay awards. NA explained that Devon & Cornwall reserves have been bolstered to the upper end giving scope to make savings. This has been documented through the Resources Board. NA confirmed that the Treasury Management Strategy will be reviewed considering the unexpected rises in interest rates and inflation considering circumstances at that time.

JS agreed slippage has a big impact on the capital programme for Dorset. JG also advised that the Impact of the new Prudential Code changes introduced in January led to restrictions on long-term investments considered to make a yield and the ability to access PWLB borrowing. Leaving a greater risk to not have access to PWLB borrowing as significant projects in the capital program will need some external borrowing. The pay award is the biggest risk faced by Dorset and although there is a contingency, reserves may have to be used. JS assured IAC the situation is reviewed monthly and closely monitored.

02/22/11 Going Concern Report for 2021/22 [FOIA - Open]

SG and TN presented the S151 Officers' assessment of Devon & Cornwall Police and Dorset Police as a "going concern" for the purposes of producing the 2021/2022 Statement of Accounts. No questions were raised by IAC.

**02/22/12 Annual Report on Fraud and Corruption Investigations
[FOIA – Closed S.41]**

02/22/13 Annual Audit Report on Audit Recommendations [FOIA - Open]

JG presented this report for IAC to consider the effectiveness of internal controls and monitor the implementation of agreed actions. IAC asked how crucial it is that these outstanding recommendations are implemented. JG explained work to ensure manual

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controls are in place where there are no automatic controls. NB explained how risks have been prioritised and mitigated and appropriate controls put in place. IAC asked whether there is an agreement to evidence trainer and consultant spend issues. NB advised there are no formal processes or procedures, however, that work is being re-invigorated, and it is anticipated to be complete by the end of September 2022.

02/22/14 Risk Management Arrangements - update [FOIA - Open]

TR and PR presented this report to inform members on the risk management arrangements for both Forces. The Committee welcomed these clearly written reports. IAC asked about progress to reduce the three significant/high corporate risk areas. TR and PR agreed to discuss outside of this meeting and provide a response at the next meeting. TR confirmed there are no barriers to the implementation of the Risk Management Delivery Plan. Policy and procedure for both Forces are complete, and risks have been shared. TR also advised that a written procedure and step-by-step guide has been produced for Dorset.

TR explained that the PCC risk registers run separately to the Force however, TR and PR do engage with the OPCC through dialogue and meetings and liaise with the scrutiny manager to share significant points. PR agreed to consider the IAC meeting dates around the risk timetable for effectiveness.

TR and PR are still exploring providers and options for training and liaising with Mike Stamp and DCC Sam de Reya on how they would like to proceed. In the meantime, TR provides annual briefings and regular updates. The next D&C Deep Dive is scheduled in July. TR and PR also confirmed they are working closely with Mike Stamp and DCC Sam de Reya towards signing off policies and procedures.

IAC asked for an update on tolerance of risk. TR advised that research is ongoing for processes and courses to develop across both organisations, and this will form part of the Information Management delivery plan.

KJ informed that at a Clinical Governance meeting on June 28, it is hoped to sign off outstanding actions.

02/22/15 Letter from the PSAA [FOIA - Open]

NA and JS presented the response from the PSAA to SW Region PCCs. The PCCs had written to PSAA wishing to express their views concerning delays in the audit process, adding that it was not an easy decision to agree a further term of external audit using PSAA. It was agreed there is nothing more to be done at present but to observe how other Forces who did exit get on and review next time. The PSAA response has been circulated to the four corporations sole.

02/22/16 Verbal Update by Chief Constable/PCC Devon and Cornwall [FOIA – Open]

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SG advised Shaun Sawyer has retired as Chief Constable and asked her to read a letter to IAC on his behalf. The CC expressed his thanks to committee past and present for their major contribution to the success of Devon & Cornwall Police.

ACTION: SG to circulate the letter from the Chief Constable Shaun Sawyer to IAC members.

02/22/17 Verbal Update by Chief Constable/PCC Dorset [FOIA – Open]

The PCC gave an update on work taking up his role in 2021. He highlighted that the year had been rewarding. The Police and Crime Plan is now starting to make a difference and beginning to make an impact for people in Dorset. The PCC talked about the priorities in the plan. Operation Relentless is embedded and grants are helping to drive down Anti-Social Behaviour. The first part of Visibility and Connectivity is also established. The PCC advised that Operation Scorpion is in place across the Southwest region to address drugs and addiction and Operation Viper is set up for local response and county lines. The Rural Crime team has increased over the last year and continues to grow. The PCC advised that he is co-chair of the Substance Abuse Board for the NPCCs which raises awareness to drive down drugs, harmful gambling and alcohol. Dorset is trying to obtain funding for a Violence Reduction Unit. The PCC advised both he and the Force regularly engage with partners and MPs. The PCC is keen to engage more with Health and Education and to establish the Drug Strategy Partnership Board. The Chair asked to be informed if there is more the Committee can do to help.

JN announced she would be leaving the Committee and expressed her thanks to members for their hard work and support. It was noted that the tenure of two other members of the Committee had also come to an end. TG expressed his thanks to the Committee.

There being no other business the meeting closed at 13:37

The next full IAC meeting is scheduled for Tuesday 27th September 2022 at 09:30 via Microsoft Teams

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Independent Audit Committee Decision and Action List

Open Actions

Action No	Minute Reference/Item Name	Date	Action Required	Owner	Due date	Remarks
250	04/21/19 Update on the Introduction of 'Sailpoint'	14/12/21	OM to update on the audits following implementation of Sailpoint at the next meeting in April 2022.	Oliver Marks	05/04/2022 28/06/2022	Deferred to the next meeting on 28 June. Update 27/6/22: ICT are still working on 'Guest ' user access to Sailpoint. This will be the primary area of audit when implemented. Further work is also required to allow a more role based access approach. Update 13/9/22: Oliver Marks is attending the meeting on 27/9/22 to provide an update to Members.
259	02/22/06 Significant Committee Business	28/06/22	KJ to investigate mandatory training requirements for IAC and provide clarification.	Karen James	27/09.2022	Online mandatory training is not required, as members are not employees. A briefing paper has been placed in the members file. TO BE CLOSED
260	02/22/09 Annual report on Insurance Claims Data/Insurable Risk	28/06/22	KJ agreed to develop the insurance report to inform a CFO hindsight evaluation of the impact of increasing the insurance excess levels.	Karen James	27/09/2022	This report has been completed and Shared with the S 151's for their information and consideration. TO BE CLOSED
261	02/22/12 Annual Report on Fraud and Corruption Investigations	28/06/22	KJ to link in with the Economic Crime Unit and HR and draft a report /strategy to fill in the gap for fraud and theft.	Karen James	27/09/2022	A draft strategy has been produced and is shared for information and any feedback, pending formal Force consultation.
262	02/22/16 Verbal Update by Chief Constable/PCC Devon and Cornwall	28/06/22	SG to circulate the letter from the Chief Constable DCP to IAC members.	Sandy Goscomb	27/09/2022	SG emailed HD the note from the Chief Constable for her to circulate to IAC members. TO BE CLOSED.

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FRAUD STRATEGY

Delivery Plan for 2022/2023

Aim

Devon & Cornwall and Dorset Police aim to take a firm stance against fraud and corruption and where it is discovered we will pursue the perpetrators within the confines of the law and our own policies. This will help us ensure our ethics and culture are in line with both forces' visions and values.

Definition of fraud

The term 'fraud' commonly includes activities such as theft, corruption, conspiracy, embezzlement, money laundering, bribery and extortion. The legal definition varies from country to country, and it is only since the introduction of the Fraud Act in 2006, that there has been a legal definition of fraud in England and Wales

Fraud essentially involves using deception to dishonestly make a personal gain for oneself and/or create a loss for another. Although definitions vary, most are based around these general themes.

Different types of fraud

Fraud can mean many things and result from many varied relationships between offenders and victims. Examples of fraud risk affect in Devon & Cornwall and Dorset include:

- Procurement – tendering issues, split contracts, double invoicing
- Payroll – false employees, overtime claims, expenses
- Grants – work not carried out, funds diverted, ineligibility not declared
- Internal fraud – diverting monies to a personal account, accepting bribes, stealing cash, working elsewhere while claiming to be off sick, false overtime claims
- Identity fraud – false identity/fictitious persons applying for services/payments

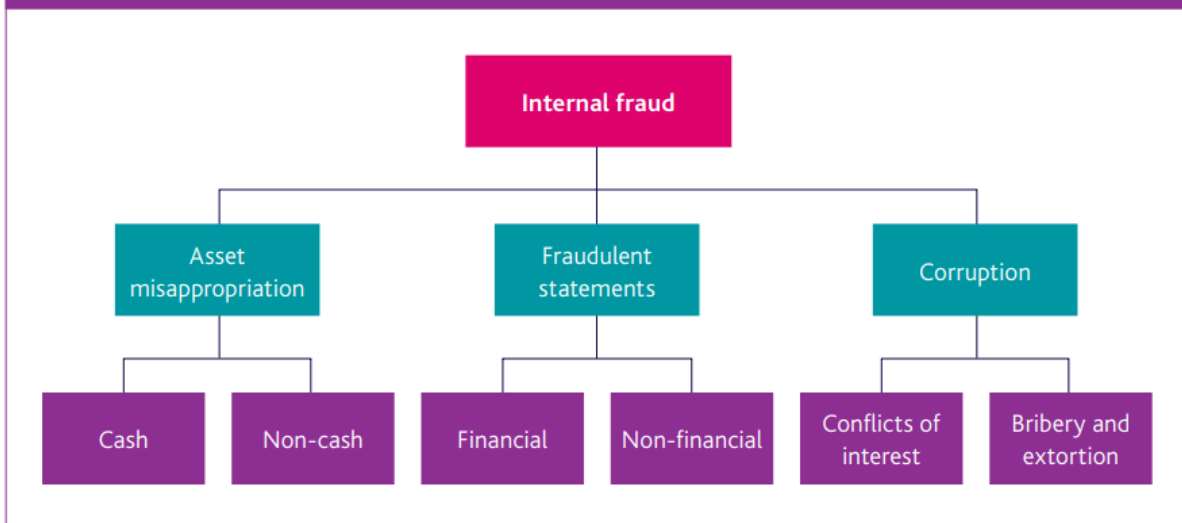
Emerging/increasing fraud risks relate to:

- Insurance fraud- false claims including slips and trips
- Commissioning of services – including joint commissioning, third sector partnerships, conflicts of interest, collusion
- Cyber dependent crime and cyber enabled fraud – enabling a range fraud types that result in diversion of funds, creation of false applications for services and payments.

A major reason why people commit fraud is because they are allowed to do so. There are a wide range of threats facing police forces. The threat of fraud can come from inside or outside the force, but the likelihood that a fraud will be committed is greatly decreased if the potential fraudster believes that the rewards will be modest, that they will be detected or that the potential punishment will be unacceptably high.

The main way of achieving this is to establish a comprehensive system of control which aims to prevent fraud, and where fraud is not prevented, increases the likelihood of detection and increases the cost to the fraudster.

Figure 1 Types of internal fraud

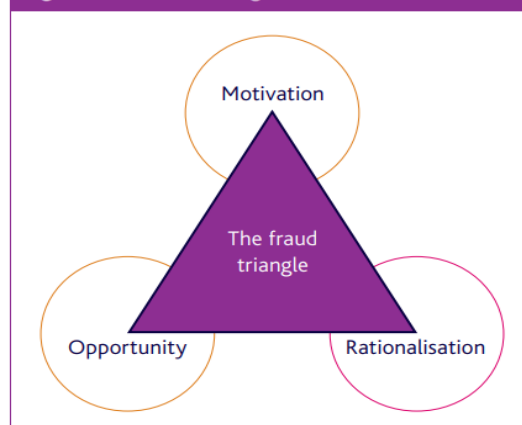


Fraud Prevention Delivery Plan

This delivery plan has been developed in support of the Fraud and Corruption Policy and Procedure. The Counter Fraud & Corruption Procedure contains the Force Strategy at section 2.2.6 on Fraud prevention. This delivery plan will provide the detail on how this strategy will be executed.

The fraud prevention delivery plan has been shaped round the fraud triangle of Motivation, Opportunity and Rationalisation.

Figure 2 The fraud triangle



Motivation (Financial and Emotional Pressure to commit fraud)

In simple terms, motivation is typically based on either greed or need. Other causes cited include problems from debts and gambling. Many people are faced with the opportunity to commit fraud, and only a minority do so. Personality and temperament, including how frightened people are about the consequences of taking risks, play a role. Some people with good objective principles can fall into bad company and be tempted into fraud. Others are tempted only when need is paramount.

Force Mitigation:

No	Activity	Activity Owner
M1	Highlight financial advice	HR
M2	Welfare support	HR
M3	Debt management services	HR
M4	Managers 'know your staff'	All Managers
M5	Counter corruption unit work (CCU)	Professional standards Dept
M6	Notifiable associations policy	Professional standards Dept
M7	'Confide in Us' & Whistleblowing Policy	Professional standards Dept
M8	Audit & Professional Standards SLA – Working Together	Professional standards & Internal Audit Depts
M9	Business Interests Policy	Professional standards Dept
M10	Gifts & Gratuities Policy	Professional standards Dept
M11	Anti-Money Laundering Policy	Finance Dept
M12	Code of Ethics	College of Policing/Executive
M13	Welfare Fund (Dorset)	HR - Welfare
M14	Staff association support	Unison / Federation other staff associations
M15	Health assured (via EAP) 24/7 helpline inc financial issues	Welfare Dept

Opportunity (Ability to commit fraud without the Fear of being caught)

In terms of opportunity, fraud is more likely where there is a weak internal control system, poor security over force property, little fear of exposure and likelihood of detection, or unclear policies with regard to acceptable behaviour. Research has shown that some employees are totally honest, some are totally dishonest, but that many are swayed by opportunity.

Force Mitigation:

No	Activity	Activity Owner
O1	Fraud Awareness Training for key departments	Dept Managers
O2	Segregation of duties/authorisation	Dept Managers
O3	Leadership /Supervision	Dept Managers
O4	Recruitment checks – Review references and challenge career gaps.	HR Dept
O5	Business interest declaration.	Professional Standards Dept
O6	Remote working arrangements (two jobs at the same time)	Professional Standards Dept
O7	Review of charity fund raising arrangements	Professional Standards Dept
O8	Unofficial funds arrangements	Finance Dept
O9	Cyber Security Procedures & Information dissemination to Officers and Staff	Information Management Dept
O10	Communication campaign	Audit & Professional Standards Depts
O11	A programme of internal control checks	Internal Audit

Rationalisation – Personal responsibility

Many people obey the law because they believe in it and/or they are afraid of being shamed or rejected by people they care about if they are caught.

However, some people may be able to rationalise fraudulent actions as:

- necessary – no other option
- harmless – because the Force is large enough to absorb the impact
- justified – because ‘they deserved it’ or ‘because I was mistreated’

Force Mitigation:

No	Activity	Activity Owner
R1	Promote code of Ethics	Professional standards Dept
R2	Highlight common rationalisation arguments that are not acceptable. Eg – ‘no one uses it’ ‘I am only borrowing it and will give it back.’ ‘It’s a quick loan. No one will ever know.’ ‘Everyone else is doing it’	Professional standards Dept in conjunction with the Media and Communication Dept and the Training Dept
R3	Messaging about the outcome of disciplinary action	Professional Standards

Fraud Detection

Whilst acting to minimise the opportunities presented within the fraud triangle it will never be possible to eliminate all fraud. No system is completely fraud proof, since many fraudsters are able to bypass control systems put in place to stop them. However, greater attention paid to some of the most common indicators of fraud can provide early warning that something is not quite right and increase the likelihood that the fraudster will be discovered. A lot of the prevention work also crosses into the area of fraud detection. The following details the key methods of fraud detection in addition to the fraud prevention methods detailed above.

Fraud Detection plan:

No	Activity	Activity Owner
D1	Internal Fraud Awareness Assurance Map for all Heads of Department. This will set out all the Internal Fraud & Corruption Risks for both forces and the lines of defence in place to mitigate the risks.	Senior Audit Manager
D2	Annual Audit Plan To provide assurance on key strategic risks.	SWAP
D3	Annual Fraud Risk Assessment	SWAP
D4	Programme of Internal controls checks:	Senior Audit Manager

	Cash processes Property Stores Inventory Employee and Payroll checks Unofficial funds Expense analysis National Fraud Initiative Insurance claims Assurance mapping AGS Internal information sharing Higher level audit controls to provide oversight and assurance on key areas of the business	
D5	National Fraud Initiative Data matching exercise to identify control failings.	Senior Audit Manager

Governance

This strategy will be considered by the Chief Financial Officers and approved by the Executive in Devon & Cornwall and Dorset Police and the Chief Executive (Monitoring Officer) and the Treasurer of the OPCC.

Findings of fraud will be reported to the Chief Financial Officer in accordance with Force and Corruption Policy as well as the Chief Executive (Monitoring Officer) and the Treasurer of the OPCC.

Fraud detection activity will be systematically share with the Professional Standards Department.

Annual reports on Fraud & Corruption are reported to the Independent Audit Committee.

This strategy will be reviewed annually to ensure the mitigations are updated and reviewed.

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Office of the Police
and Crime Commissioner
Devon and Cornwall



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COMMISSIONER



SWAP

INTERNAL AUDIT SERVICES

Helping Organisations to Succeed

Devon & Cornwall Police and The Office of the Police & Crime Commissioner (OPCC)

Dorset Police and The Office of the Police & Crime Commissioner (OPCC)

Report of Internal Audit Activity - September 2022

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

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Executive Summary

Rolling Opinion



Overall, we are able to provide a borderline **'reasonable'** rolling assurance opinion. One new 'limited' review opinion has been issued and one new 'reasonable' opinion. We will continue to update this rolling opinion in subsequent Committee updates.

Internal Audit Assurance Opinions 2022/23

	Apr-Jun	YTD
Substantial	0	0
Reasonable	1	1
Limited	2	2
No Assurance	0	0
Total	3	3

Internal Audit Agreed Actions 2022/23

	Jul-Sep	YTD
Priority 1	0	4
Priority 2	3	6
Priority 3	1	2
Total	4	12

Progress Since Previous Committee



1 Limited Opinion
0 No Assurance Opinions
3 Priority Two Actions



Limited Assurance

A limited assurance opinion has been given for the Ammunition and Armoury Review. All actions were agreed by the Force and have been completed and closed. Please see Appendix A for further information.



Significant Risks

No significant risks are to be reported at this meeting.



Plan Progress

Good progress has been made since the previous Committee update with three 2022/23 reports being finalised and two at draft report stage. All quarter two 2022/23 reviews are either in fieldwork or at draft report stage and quarter three reviews are being initiated.



Plan Changes

There have been no changes to the plan since the last Independent Audit Committee. Appendix B summarises changes to internal audit delivery discussed at SWAP's meeting with all s151 officers in August 2022.



Profiled Delivery

We have commenced 54% of the annual audit plan (reviews underway or at reporting stage), in line with the profiled plan for 2022/23. We will provide a verbal update at Committee regarding current statuses.

2022/23 Plan Performance YTD

Performance Measure	Performance
Completed	20%
Draft Report	7%
Fieldwork	27%
Ready to Start	0%
Scoping	6%
Not Yet Due	40%

Police Partners Internal Audit Delivery 1st April 2023 onwards:

Following a recent meeting with the Directors of Finance (DOF's), we thought it would be helpful to document the areas that will be changing to continue to support the evolution of our service from April 2023. These changes our part of our continuous improvement and designed to improve the service all our partners receive.

We are all to have a consistent model that benefits all our police partners.

1. There is nothing in our profession standards that mentions the requirement to have an **annual plan**. We need to move to a continuous risk assessment and SWAP's new model is a six-month rolling plan with a "backlog" of potential areas for consideration. This is then reviewed each quarter to ensure that the six-month rolling plan is relevant. This now works at all our other partners.

AGREED: Effective 1st April 2023, a six-monthly rolling plan will be introduced.

2. As your auditors, we should have, as a minimum a **meeting with the CEO, Commissioner and Chief Constable** to understand their own concerns. This happens at all other partners and generally, there are now quarterly meetings with each Leadership Team to ensure the six-monthly plan is still correct.

AGREED: The Directors of Finance felt that the Deputy Chief Constable and CEO were better placed to provide this overview.

3. We no longer report **audit days**, but we do discuss in the background how long we believe the audit will take or cost. I understand some audit committees want to understand the size and scope of an audit, but we should only now demonstrate that by estimated cost of delivery.

A day is no longer of relevance, and we no longer resource our plans by days equals resources. We use other capacity multipliers e.g. more efficient processes, technology etc. So, as well as investing £120k in the new Governance Risk and Compliance (GRC) software, we have invested in a Data Analytics (DA) team and other solutions. This is not dissimilar to the Police introducing their own technologies as capacity multipliers e.g., ANPR, drones, RPA etc. The direct result being more efficient ways of working.

AGREED: That where required, the 6 monthly rolling plan will include indicative costs of delivery.

4. There should be an acceptance that we are "**Trusted Advisors**" and not clients and contractors. The level of scrutiny on our delivery still pushes us into a client contractor relationship and for the size of the contracts it is inefficient.

AGREED: That we would be treated as Trusted Advisors/Internal Consultants and work in partnership to help each organisation achieve its aims.

5. The use of audit recommendations to be stopped and moved to agreed management actions. This will ensure that the auditors and management work together to agree an action that is SMART and proportionate.

AGREED: The use of the terminology of “agreed management actions” to be adopted across all our partners.

Other agreed areas for development

6. Where SWAP has undertaken an audit across one police partner and there are lessons to be learned, the results will be shared amongst the police s151 officers. This will allow shared learning and greater efficiencies.

AGREED: SWAP will develop this area to share at the quarterly DoF meetings.

7. The implementation of SWAP’s new audit management solution will allow for more dashboard reporting, assurance mapping, management action tracking and greater transparency.

AGREED: Dorset Police & Devon and Cornwall Police to pilot the GRC solution and to have an agreed model and dashboards effective 1st April 2023.

8. The primary role of the Audit Committee in relation to Internal Audit is “to oversee its independence, objectivity, performance, and conformance to professional standards”.

AGREED: Further audit committee training should be provided to ensure a consistent approach across the forces. At this training, we can share our new GRC system and the many dashboards that will be available.

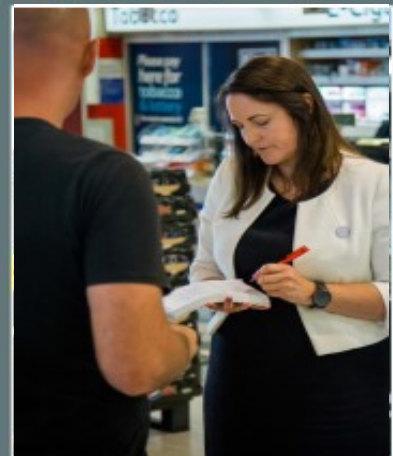
I would like to thank you all for your input to the meeting and we continue to look forward to collaborating with you all as partners.

David Hill

SWAP CEO



Police and Crime Commissioner for Devon & Cornwall



Statement of Accounts for the year ended 31 March 2022 Unaudited

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Officers of the Police and Crime Commissioner Group

The statutory officers of the Office of the Police and Crime Commissioner and contact details are as follows:



Police and Crime Commissioner
Alison Hernandez



Chief Executive to the Police and Crime Commissioner
Frances Hughes



Chief Financial Officer to the Police and Crime Commissioner
Nicola Allen

Address: Andy Hocking House
Alderson Drive
Middlemoor
Exeter
EX2 7RP

Website: www.devonandcornwall-pcc.gov.uk
E-mail: opcc@devonandcornwall.pnn.police.uk

The statutory officers of the Office of the Chief Constable and contact details are as follows:



Chief Constable
Shaun Sawyer
From 01/04/2010 to 21/08/2022



Temporary Chief Constable
Jim Colwell
From 22/08/2022



Chief Financial Officer to the Chief Constable
Sandy Goscomb

Address: Police Headquarters
Middlemoor
Exeter
EX2 7HQ

Website: www.devon-cornwall.police.uk
E-mail: chief.constable@devonandcornwall.pnn.police.uk

Statement of Accounts 2021/22

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PCC
Office of the Police
and Crime Commissioner
Devon and Cornwall

Accompanying Reports

Narrative Report by Nicola Allen, Chief Financial Officer

1.0 INTRODUCTION

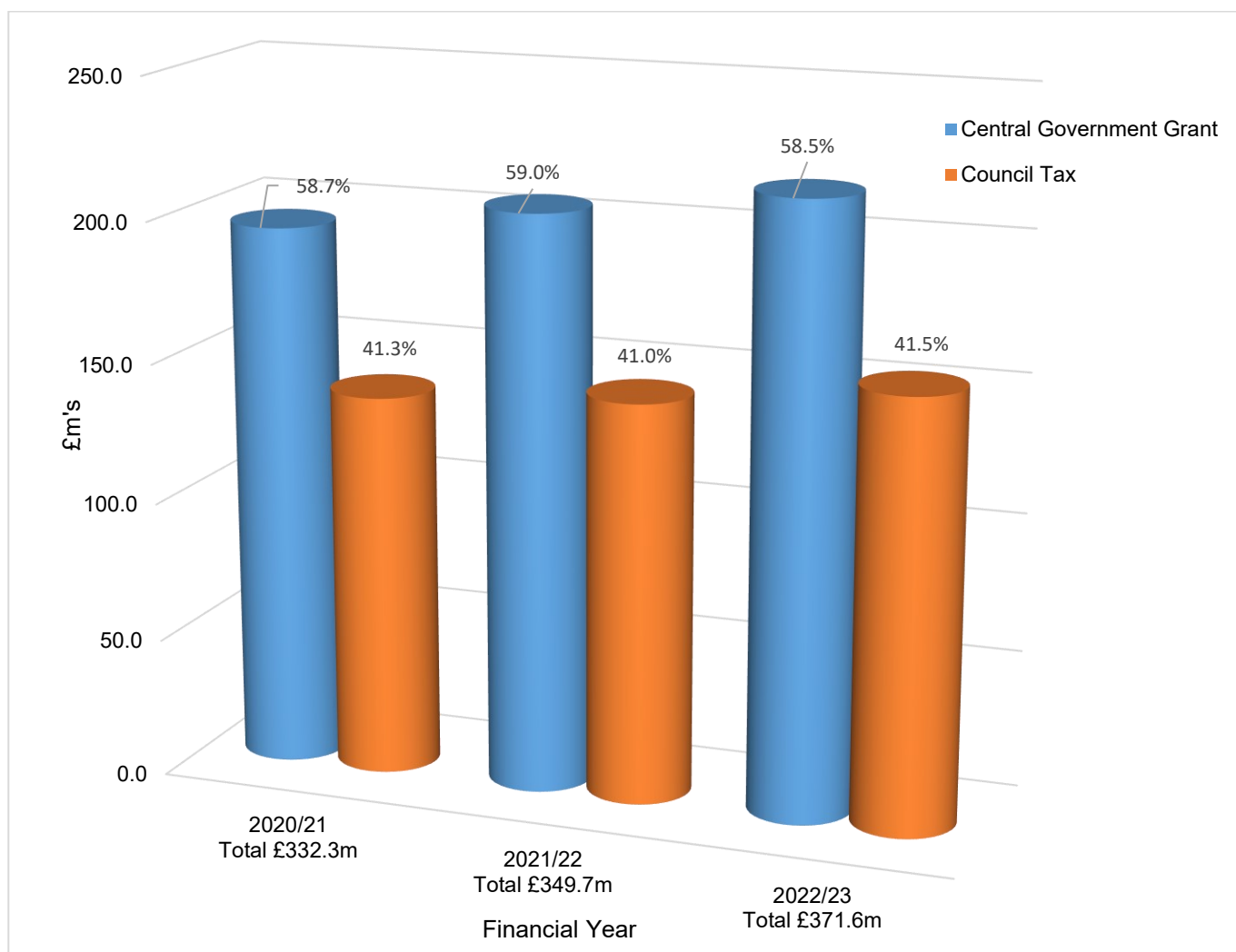
- 1.1 Welcome to the Police and Crime Commissioner's (Commissioner's) Statement of Accounts for 2021/22. The statement of accounts reports the income and expenditure on service provision for the year and the value of the Police and Crime Commissioner's assets and liabilities at the end of the financial year. This is done in accordance with proper accounting practices as defined in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2 The primary function of the Police and Crime Commissioner is to secure the maintenance of an efficient and effective police service in Devon, Cornwall and the Isles of Scilly, and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996. The Police and Crime Commissioner and the Chief Constable form an accounting group for reporting purposes. This set of accounts includes the Statements for the Police and Crime Commissioner Group and for the Police and Crime Commissioner as a single entity. The Chief Constable's single entity accounts are published in a separate [document](#). Further information on the structure of the group is provided within the accounts.
- 1.3 The aim of this narrative report is to provide an easily understandable explanation of the Police and Crime Commissioner Group's financial performance in 2021/22 and its position at the end of the financial year.

2.0 RESOURCES AVAILABLE IN 2021/22

- 2.1 The 2021/22 budget was set in the context of an increase of Police Grant funding of 4.9%, which included Devon and Cornwall's share of the £415m allocated nationally for additional officers.
- 2.2 As part of the 2021/22 overall central government funding settlement, the council tax flexibility provided to Police and Crime Commissioners was set at a maximum of £15 per Band D equivalent property before a referendum was required. The Commissioner, in consultation with the Police and Crime Panel, increased the council tax element for policing by £14.92 (6.73%) allowing services to the public to not only be maintained but enhanced. Council tax was set at £236.56 for a band D property.
- 2.3 The graph below shows the revenue budget funding sources in 2021/22 as well as the funding in the previous and following year for comparative purposes. It shows similar levels of central grant as a proportion of revenue funding (2020/21 58.7%, 2021/22 59.0% and 2022/23 58.5%).

Narrative Report by Nicola Allen, Chief Financial Officer Continued

Revenue Budget funding 2020/21 – 2022/23



3.0 THE FINANCIAL STRATEGY FOR 2021/22

3.1 The Police and Crime Commissioner takes a multi-year approach to financial planning, considering the budget year and the subsequent three years.

3.2 The Police and Crime Plan was agreed during 2021/22 and continues to be informed by the Peninsula Strategic Assessment. Due to the delay in the Police and Crime Commissioner elections, the previous plan was in place for part of the year but was superseded by the new plan agreed during the year. The Commissioner's vision is for the **Safe, Resilient and Connected** communities. This vision is underpinned by priorities for Devon, Cornwall and the Isles of Scilly which are shown below.

- **Violence** – We continue to have inherent violence across our communities. Supporting families and young people affected by violence reduces the chances of those people becoming victims or perpetrators of violence later in life. Our new Serious Violence Prevention Programme will help to drive the earliest possible interventions through partnership working and the scaling of evidence-based practice.
- **Antisocial Behaviour** – Persistent antisocial behaviour (ASB) is a very visible sign of disorder in communities. It can lead to community tensions and have a significant impact on people's health, wellbeing and daily quality of life.
- **Drugs** – Drugs can have a devastating social impact on community life and on those who are dependent upon them. They have an adverse impact on individuals, families and businesses and contribute to violence, crime, financial problems and homelessness.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

- **Road Safety** – There are too many crashes on our roads. While the region is one of the safest when it comes to road safety, one death or serious injury is one too many.
- **Providing high quality and timely support to victims of crime** - To help them recover and to get justice by improving the criminal justice system.

- 3.3 The Medium Term Financial Strategy (MTFS), Capital Strategy, Reserves Strategy and Treasury Management Strategy are updated annually during the budget setting process.
- 3.4 The overall impact in 2021/22 of increases to the Home Office core grant and special grant, and Council Tax increases relating to the precept, taxbase and surplus was an increase of funding of £17.455m, resulting in a budget of £349.732m (2020/21 budget £332.277m).
- 3.5 The table below outlines how these additional funds were allocated.

Use of additional funding - 2021/22	£m	
Additional Funding (Police Grant and Council Tax)		17.5
Increases:		
National Police Officer Uplift	4.2	
Local Police Officer Uplift	0.6	4.8
Unavoidable Changes:		
Pay Inflation	4.3	
Non-Pay Costs	2.2	
Commitments	2.9	
Transfer of National Commitments	0.8	
Capital Funding	(0.2)	10.0
Investment		3.5
Change in use of reserves		1.1
Savings		(1.9)
		17.5

- 3.6 The Government also provided two streams of support for the impact of COVID on Council Tax collection.
- A fund of £670m was made available to compensate for the predicted significant increase in council taxpayers requiring support via the council tax reduction scheme, which effectively reduced the overall council tax base for preceptors. This equated to £2.490m for Devon and Cornwall and was spread equally over three years, to ensure that the impact on the reduced council tax base was smoothed to give time for the council tax base to recover.
 - A package to support delayed or non-payment was also announced. Deficits relating to the impact of COVID would be repaid over three years and 75% of the irrecoverable deficit would be funded by a grant. At the time of budget setting, it was estimated Devon and Cornwall Police would receive £0.3m to be spread over three years, the actual grant value was £1.199m.
- 3.7 The 2021/22 budget included funding for:
- Increase officer numbers by 181 to 3,422 by 31 March 2022. Of these, 141 were funded by the national Police Officer Uplift Programme and a further 40 officers funded by the local council tax.
 - Improve customer service in contact centres, increasing the staff numbers by 22 in the contact centres to have a positive impact on waiting times.
 - Invest in police technology relating to drones, to improve public safety and provide a more responsive service for searches, public order events and evidence gathering.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

- Increase resources for crime investigation to fund 29 police staff investigators to resolve crimes more quickly and have a positive impact on violent and sexual crime offenders and victims.
- Additional resources for Professional Standards to deal with the new Conduct and Complaint Regulations 2020.
- Enhance data reliability, accuracy and security, to improve the quality of the information held to drive crime prevention and public safety.
- Extend Blue Light collaboration to further enhance opportunities to collaborate with other emergency services to include coastal and maritime settings.
- Special Constabulary to further innovate and support the role and activities of the Special Constabulary which could include further benefits following the enhanced allowance pilot scheme.

3.8 The table below summarises these investments.

Details of Investment	Planned Budget £m
Contact Centre Investment	0.626
Police Technology/Drones	0.300
Investigating crime	1.152
Professional Standards	0.316
Information Integrity	0.850
Special Constabulary Pilot	0.150
Blue Light Collaboration	0.080
	3.474

3.9 The 2021/22 budget also made a provision for a number of unavoidable costs such as pay inflation, increments and existing policy commitments.

4.0 2021/22 OUTCOMES

G7 Summit

4.1 The G7 Summit took place in Cornwall in June 2021. The event saw the world leaders from 12 countries meet to discuss important global issues. It was the biggest Policing and Security Event in England in 2021, and the largest ever seen in Devon, Cornwall and Isles of Scilly.

4.2 The cost of policing the operation in 2021/22 was £45m. The extra costs, which included mutual aid from every force in the country, were funded by a Grant from the Home Office. Devon and Cornwall bore some opportunity costs in staff and officer time.

Uplift Officers

4.3 The MTFS provided funding for an additional 141 officers through year two of the national Police Uplift Programme. In addition, 40 further extra officers were funded through council tax.

4.4 Additional government funding was provided for the Force's share of the national officer uplift. This funding was subject to a monthly grant claim, evidencing that additional expenditure was incurred on the cost of the new officers, recruitment, training, and other associated support and infrastructure.

4.5 A proportion of the grant awarded to Forces to deliver the national uplift (25%) was conditional on the achievement of an increase in headcount based on national baselines. Devon and Cornwall exceeded this target and ended the year 90 over the baseline. This is a significant achievement (especially during a time when recruitment was logistically difficult due to COVID restrictions) and puts the force in a good position going into the final year of the uplift programme in 2022/23.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

Progress of 2021/22 Investment

- 4.6 As detailed earlier, the Police and Crime Commissioner made investment of £3.5m within the 2021/22 MTFS.
- 4.7 An operationally busy year, coupled with difficulties around recruitment and scheduling delays has meant some projects did not gain as much momentum as had been hoped, and there was an underspend of £0.979m against these areas. Elements of this underspend will be carried forward to be spent in the next financial year.

Savings

- 4.8 Savings of £1.850m were built into the 2021/22 budget.
- 4.9 Non-staff savings of £0.837m were found within departmental efficiencies. The reductions were built into the base budgets. Net savings of £0.261m were achieved through reductions in PCSO numbers as part of a long term plan. Permanent savings of £0.352m were identified within utilities and rates. Plans to identify in year permanent savings for a further £0.148m will be progressed during 2022/23.
- 4.10 Planned savings from a reduced charge for the National Police Aviation Service were not realised following a late change to national charging arrangements.

Vision Zero South West

- 4.11 The Peninsular Road Safety Partnership was replaced with the Vision Zero South West Road Safety Partnership with effect from 9 August 2021. A new Memorandum of Understanding came into place with the Office of Police and Crime Commissioner (OPCC) becoming the lead financial party. The partnership is a collaborative arrangement between a number of local organisations (including Highways England, Councils and Fire and Rescue organisations from across the force area), and governance is provided by a Partnership Governance Board.
- 4.12 The partnerships ambition is to cut road deaths and serious injuries in Devon and Cornwall to zero by 2040, and to reduce current numbers by 50% by 2030.
- 4.13 A reserve held by the partnership and income generated primarily from driver awareness courses is reinvested to deliver the partnership Road Safety Delivery Plan. The balance on the reserve at 31st March 2022 is £4.721m, with further spending of £1.9m approved by the Board.

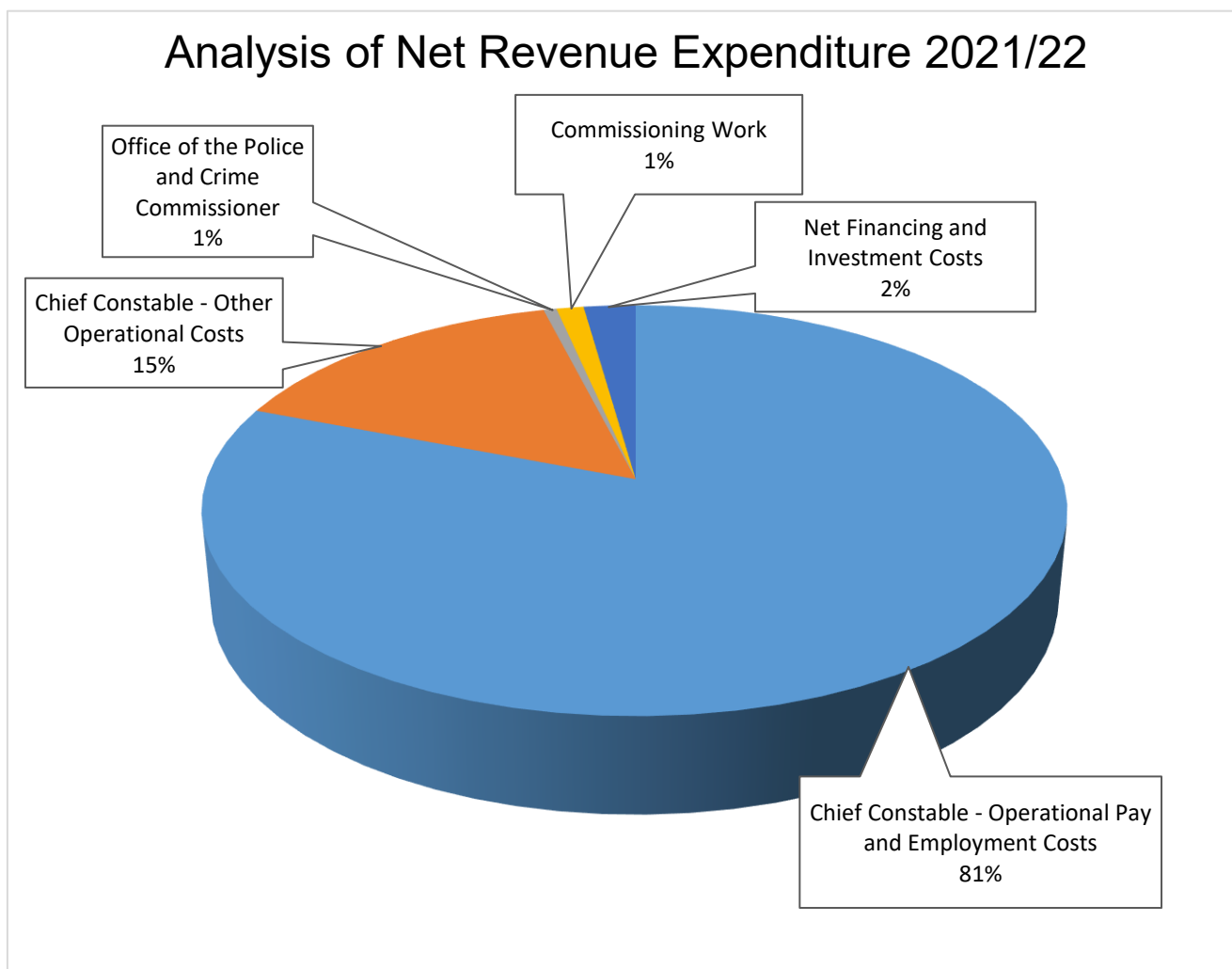
Major Incidents/Operations

- 4.14 The force has been affected by an unusually high number of prominent and distressing incidents during this year, including the firearms killings in Plymouth. These incidents have a huge impact on communities, including the Force's own officers and staff. Financially, the subsequent police investigations were funded within the overall existing budgets.

5.0 ACTUAL EXPENDITURE 2021/22

- 5.1 The Police and Crime Commissioner Group spent £348.987m against a budget allocation of £349.732m, resulting in an underspend of £0.745m.
- 5.2 The approved net revenue budget for 2021/22 was £349.732m, of which £343.680m was under the direct control of the Chief Constable and £6.052m was under the direct control of the Commissioner.
- 5.3 The chart below shows a breakdown of actual net revenue expenditure for 2021/22 by category of spend.

Narrative Report by Nicola Allen, Chief Financial Officer Continued



5.4 The Chief Constable underspent against his budget allocation by £0.745m.

Summary of final outturn	Revised Budget £m	Outturn £m	(Under) /Over £m
Chief Constable	343.680	342.935	(0.745)
OPCC	6.052	6.052	0
Grand Total	349.732	348.987	(0.745)

5.5 The outturn presents a net position and is after £6.1m of approved funding carried forward into 2022/23. There were a number of over and underspends during the year; the most significant of which are detailed below.

- Police staff underspend due to difficulties and delays in recruitment.
- A busy operational year resulted in delays in change projects and initiatives, e.g. process automation, migration to a new crime management system, investments in technology (drones).
- The level of Estate planned and programme maintenance was less than anticipated, in part an effect of the busy operational year and in part due to difficulties in the building trade around resources and supplies.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

- Planned income levels were exceeded as a result of increased income from mutual aid activity, in particular for the UN Climate Change Conference in Scotland; higher than expected seconded officers, and the receipt of additional income and grants.
- An error in the calculation of the police officer pay budget was identified early in the financial year. Mitigation was identified and agreed quickly, and the error corrected and funded within existing resources.

5.6 Requests to carry forward underspends into 2022/23 totalling £6.1m were agreed. A proportion of these requests related to the slippage of projects from 2021/22 to 2022/23 and will fund specific expenditure during 2022/23, primarily around Serious Violence Prevention, ICT project costs and delivery of delayed 2021/22 investment initiatives.

5.7 The force was also able to support other one-off investments, including: -

- An additional £0.359m to fund infrastructure costs associated with the expansion of the contact centre and its training facilities.
- An investment of £1.525m to support additional commitments made against the capital programme.
- Support of £1.267m to the structured financial approach used within the 2022/23 MTFS, helping to deliver the force with a robust and sustainable ongoing budget.

5.8 The residual underspend of £0.745m has been transferred to General Balances.

6.0 RESERVES

6.1 Reserves are held to support both Capital and Revenue spending. A Reserves Strategy is produced annually which looks at the resilience of the reserves of the organisation. The strategy takes a risk based approach to assess the adequacy of the general balances. This strategy is reviewed by the Independent Audit Committee each year with recommendations for improvement referred back to the Commissioner. There has been a Home Office requirement to ensure that reserves held are not excessive and are used to support policing within the area.

6.2 The Reserves Strategy states the intention to maintain general balances at no more than 5% and no less than 3% of overall funding levels each year. The level at 31 March 2022 was 4.29% of the 2022/23 net revenue budget.

6.3 With the general reserve balance at the upper level of advisable operating ranges mitigation can be provided if inflation continues at the extra ordinary levels currently being seen.

6.4 The table below summarised the level of reserves and balances forecast for 2021/22 (following revision after most recent MTFS process), compared with the actual level:

	Planned Balance (revised 22/23 MTFS) 31/3/2022 £'m	Actual Balance 31/3/2022 £m's
Earmarked Reserves - Capital	19.732	25.208
Earmarked Reserves - Revenue	10.961	16.617
General Balances	15.485	15.930
Total Reserves and Balances	46.178	57.755

6.5 The key reasons for the higher than originally planned level of reserves were further slippage on the capital programme and the agreed revenue carry forwards into 2021/22.

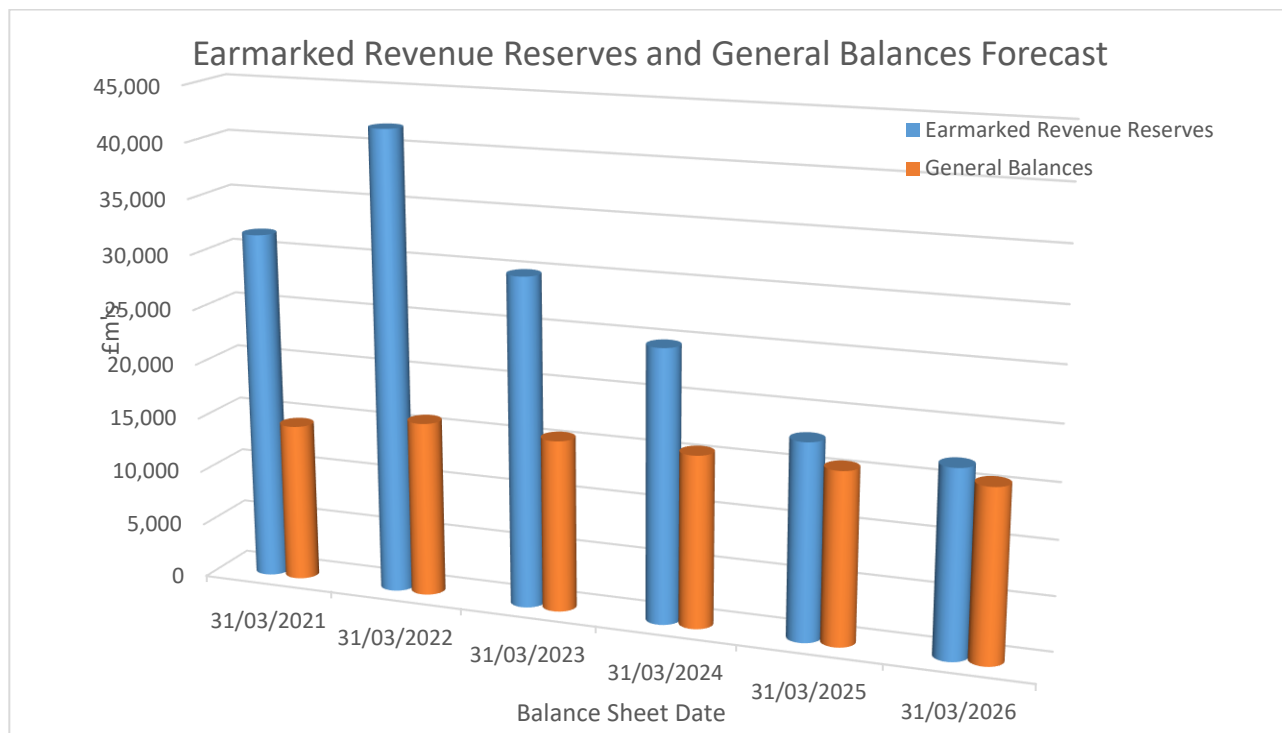
6.6 The following table outlines the details of the revenue reserves over the MTFS period. The future years forecast on each earmarked reserve are as per 2022/23 MTFS.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

	Actual Balance 31/3/2021 £000's	Actual Balance 31/3/2022 £000's	Forecast Balance 31/3/2023 £000's	Forecast Balance 31/3/2024 £000's	Forecast Balance 31/3/2025 £000's	Forecast Balance 31/3/2026 £000's
Revenue Reserves						
Estates Development Reserve	0.608	0.608	0.310	0	0	0
Capital Financing Reserve	12.293	14.983	11.444	9.436	8.436	7.436
ESN Capital Reserve	10.225	10.225	10.010	6.902	0.648	0.648
VZSW (Ringfenced)	0	4.721	3.375	3.873	4.389	4.579
Budget Management Fund	3.812	7.169	3.453	3.233	3.046	2.975
Police and Crime Plan Reserve	0.991	1.068	1.068	1.068	1.068	1.068
PEQF Reserve	0.127	0	0	0	0	0
Uplift Reserve	3.631	3.051	0.233	0.233	0.233	0.233
Total Revenue Reserves	31.687	41.825	29.893	24.745	17.820	16.939
General Balances	14.402	15.930	15.631	15.656	15.656	15.656
Total Reserves and Balances	46.089	57.755	45.524	40.401	33.476	32.595
<i>General Balances as % of 2021/22 Revenue Budget</i>	4.12%	4.56%	4.47%	4.48%	4.48%	4.48%
<i>General Balances as % of 2022/23 Revenue Budget</i>		4.29%	4.21%	4.21%	4.21%	4.21%

- 6.7 In line with the Commissioner's Strategy to reduce the level of reserves, which was then supported by the Home Office direction, it has been the chosen strategy of the Treasurer to maximise use of earmarked reserves. Slippage in the capital programme over the last two years has reduced the call on the Capital Financing reserve and kept reserves at a temporarily higher level than had been previously anticipated.

Narrative Report by Nicola Allen, Chief Financial Officer Continued



7.0 CAPITAL PROGRAMME

7.1 The table below shows the Police and Crime Commissioner Groups capital expenditure, and funding, during 2021/22. This consists of an ongoing programme of rationalisation, replacement and enhancement of property and other assets, all with an expected life of more than one year, and with a value in excess of £20k.

	21/22 Plan £m's	21/22 Actual £m's
Capital Investment		
Vehicles	2.852	1.662
Land and Buildings	13.948	4.850
Equipment & ICT	7.916	4.919
Total	24.716	11.431
Funded by		
Grants	0.568	0.941
Capital Financing Reserve	8.531	0.852
Revenue Funding	2.882	5.242
Reserves	1.050	0
Borrowing	11.685	4.396
Total	24.716	11.431

Narrative Report by Nicola Allen, Chief Financial Officer Continued

- 7.2 The 2021/22 original capital programme was estimated to be £24.716m, but actual spending was £11.431m. The programme was revised during the year to reflect changes in the timing of a number of projects.
- 7.3 Vehicle expenditure related to the continual acquisition of replacement vehicles, to ensure that the vehicle fleet remains fit for purpose. During the year the systems used within the Fleet Department to flag vehicle replacement timelines transitioned to the use of more accurate and dynamic telematics information.
- 7.4 There are currently significant challenges sourcing new vehicles globally, due to worldwide chip and pin shortages and factory closures, this has affected lead times and the delivery of the vehicle replacement programme, and it is anticipated this will remain a challenge over the next few years.
- 7.5 Building spend primarily related to a Plymouth support facility, refurbishment of Camborne Police Station and South West Forensics headquarters. Due to the busy operational year seen by the force and supply and resourcing issues in the building trade a number of projects were delayed.
- 7.6 It is important for officers and staff to have access to the most suitable IT and equipment in order to deliver their service. This year has continued to see investment in a replacement records management system, and contact centre system, although both projects have not progressed at the planned rate and some costs have slipped to future years.

8.0 2021/22 WORKFORCE

- 8.1 Workforce costs made up 81% of the annual expenditure of Devon and Cornwall Police.

8.2 Police Officers

31/03/21 (FTE)		31/03/22 (FTE)
3,241	Police Officers – Budgeted	3,424
3,257	Police Officers - Actual	3,396
16	(Under)/Over	(28)

Police Officer numbers increased by 139 full time equivalents (FTE) during the year. Due to an unexpected surge of retirements numbers were 28 under establishment on 31 March 2022; recruitment numbers for 2022/23 are adjusted to take account of this.

8.3 PCSO's

31/03/21 (FTE)		31/03/22 (FTE)
150	PCSO's - Budgeted	150
167	PCSO's – Actual	156
17	(Under)/Over	6

The number of PCSOs continued to reduce during the year as part of a planned change programme to address the operational demands on the Force. There were 156 FTE PCSOs at 31 March 2022, which was 6 FTE over the budgeted establishment.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

8.4 Police Staff

The analysis of police staff numbers is made complex by the use of temporary and agency staff. In addition, the financial arrangements for the Alliance with Dorset Police mean some staff employed by one force will be charged to another. For the purposes of this report, the numbers below reflect the full time equivalent number of police staff charged against the Police and Crime Commissioner's Group accounts.

31/03/21 (FTE)		31/03/22 (FTE)
2,158	Police Staff - Actual	2,178
29	OPCC	30
2,187	Total	2,208

There was a net increase in FTE of 21; as a result of changes made within the MTFS.

9.0 **PERFORMANCE**

External Indicators

9.1 The principal independent financial indicators available to the Commissioner are as follows:

9.2 HMICFRS PEEL Report – Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The last report (2018/19) indicated that Devon and Cornwall Police was 'good' in each of the three areas reviewed:

- The extent to which the force is effective at reducing crime and keeping people safe is **good**.
- The extent to which the force operates efficiently and sustainably is **good**.
- The extent to which the force treats the public and its workforce legitimately is **good**.

The most recent PEEL inspection will report later in 2022.

9.3 Auditor's Annual Report – External auditors provided a commentary on the arrangements in place to secure economy, efficiency and effectiveness in the use of resources for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 2021. This audit concluded that the Police and Crime Commissioner and Chief Constable have each put in place proper arrangements; no risks of significant weakness were identified in the audit plan. An identified significant weakness in respect of finance team capacity was raised and a subsequent recommendation made. This recommendation was reviewed and addressed.

9.4 The HMICFRS Value for Money Profile 2021 does not provide an opinion but states key financial and performance information of Devon and Cornwall Police in comparison to other forces. The report did not indicate any significant outliers within Devon and Cornwall Police's information.

Office of Police and Crime Commissioner Performance Measures

9.5 As stated in the introduction, the primary function of the Commissioner is to secure the maintenance of an efficient and effective police service in Devon, Cornwall and the Isles of Scilly and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996.

9.6 In addition, the Police and Crime Panel receive a report on a regular basis of the OPCC's assessment of current performance against the strategic indicators for the Police and Crime Plan 2021-2025 'Safe, Resilient and Connected communities', these indicators are accompanied by a focus on four community priorities, including violence, anti-social behaviour (ASB), drugs and road safety.

In order to monitor the progress of these objectives, the Commissioner has identified a suite of performance metrics, as per the table below.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

Police and Crime Plan 2021-2025 Scorecard	
<u>Violence</u> <ul style="list-style-type: none"> Homicides - National measure Hospital admissions of under 25s for assault with a sharp object - National measure Offences involving discharge of a firearm - National measure Violent Crime (all) Violent Crime (Domestic Violence) Victim satisfaction (Domestic Violence) - National measure 	<u>ASB</u> <ul style="list-style-type: none"> Recorded number of ASB incidents Recorded number of public order incidents
<u>Drugs</u> <ul style="list-style-type: none"> Drug possession offences Drug trafficking offences Organised drug disruptions <i>Drug related homicides*</i> National measure <i>Police referrals into drug treatment*</i> National measure 	<u>Road Safety</u> <ul style="list-style-type: none"> Number of Fatal casualties Number of Serious casualties Number of Deaths or serious injuries caused by high risk driving offending behaviour Number of Community Speedwatch Schemes
<u>Safe</u> <ul style="list-style-type: none"> ONS crime rating Victim based reported crime levels Number of Police Officers (Full-time Equivalent) Number of recorded hate crimes Number of neighbourhood crimes - National measure <i>Percentage (%) of businesses experiencing a cyber breach or attack*</i> National measure <i>Confidence in the law enforcement response to cyber crime*</i> National measure 	
<u>Resilient</u> <ul style="list-style-type: none"> Number of young people who are victims of crime Additional funding brought into Devon and Cornwall by OPCC Overall victim satisfaction - National measure 	
<u>Connected</u> <ul style="list-style-type: none"> Number of customer contact points open to the public Number of customer contacts (999, 101, online) 101 and 999 call wait times (P1 & P2) Levels of public confidence in the Police Number of reports made to Devon and Cornwall Police from Crime Stoppers 	

9.7 The metrics are published in the Commissioner's Police and Crime Plan, and a scorecard is presented to the Police and Crime Panel at each meeting and is published quarterly on the OPCC Website to monitor progress.

9.8 A copy of the performance reports can be found on the OPCC website at "performance updates" at the following link: [OPCC Performance Updates](#).

Force Demand

9.9 The force monitors performance on a monthly basis. Although still living with some COVID restrictions during 2021/22, operational demand returned to pre-pandemic levels.

9.10 During the period 1 April 2021 to 31 March 2022 101,379 crimes were recorded, an increase of 12.4% from the previous year. This increase is higher than expected as recorded crime fell in 2020/21 as a result of the pandemic. The table below shows changes in crime types.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

Offence	Recorded Crime 2020/21	Recorded Crime 2021/22	Recorded Crime % Change
Theft from the Person	296	505	70.6%
Homicide	12	17	41.7%
Other Sexual Offences	2,604	3,477	33.5%
Arson	466	593	27.3%
Rape	1,560	1,918	22.9%
Violence with Injury	13,081	15,995	22.3%
Shoplifting	3,812	4,650	22.0%
Public Order Offences	7,130	8,463	18.7%
Violence without Injury	14,703	17,336	17.9%
Robbery	513	585	14.0%
All Other Theft Offences	6,261	6,949	11.0%
Criminal Damage	12,014	13,197	9.8%
Other Offences	2,173	2,360	8.6%
Possession of Weapons	1,176	1,265	7.6%
Vehicle Offences	3,099	3,300	6.5%
Stalking and Harassment	12,117	12,751	5.2%
Burglary Dwelling	1,628	1,585	(2.6%)
Burglary Non-Dwelling	1,917	1,714	(10.6%)
Possession of Drugs	3,713	3,163	(14.8%)
Bicycle Theft	567	482	(15.0%)
Trafficking of Drugs	1,326	1,050	(20.8%)
Death or Serious Injury caused by Unlawful Driving	39	24	(38.5%)
Total	90,207	101,379	12.4%

- 9.11 The total number of calls for service received have returned to pre-pandemic levels, but the mix between 101 calls emails/texts and webchats has changed.

19/20	No. of contacts	20/21	21/22	% Change
	Calls: -			
262,197	999	246,629	302,928	22.8%
830,289	101	509,497	517,196	1.5%
	Interactions:			
114,630	No. of 101 Emails/Texts received	150,944	143,959	(4.6%)
-	Web Chats	50,921	70,636	38.7%
1,207,116	Total	957,991	1,034,719	8.0%

10.0 FUTURE FINANCIAL OUTLOOK

- 10.1 The Chief Constable and the Commissioner formally update the MTFS annually during the budget setting process.
- 10.2 In December 2021 the government provided policing with an indicative 3 year funding settlement for the period 2022/23 through to 2024/25. This is welcomed for planning purposes as it provides a greater degree of certainty around the overall budget funding levels up to the end of 2024/25. The Government recognised the need to maintain investment in policing with the settlement continuing the investment in the uplift of police officers.
- 10.3 The 2022/23 MTFS provided funding for the ongoing national police officer uplift programme and enabled it to be sustained for the long term. It will enable Devon and Cornwall's Police to continue its planned trajectory to increase by a further 188 sworn officers in the next financial year, taking total officer numbers to 3,610.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

- 10.4 The MTFS also supported a structured financial approach to facilitate additional and sustainable resources in:
- additional capacity into the contact centre.
 - expansion of the use of vulnerability lawyers following a successful trial.
 - additional support to ensure we treat information properly and in accordance with the law.
- 10.5 Planning for beyond 2022/23 remains very challenging. There is significant activity which will impact on this planning:
- The economic impact of the continuation of the COVID-19 pandemic.
 - The anticipated review of the funding formula. Work has commenced as part of a senior sector group.
 - The long-term funding plans for the uplift in police officers as they progress through incremental scale.
 - Centrally driven ICT programmes such as the replacement of Airwave and the Police National Computer.
- 10.6 There are a number of areas, outside the level of central government grant sensitive to changes in the wider economy. These are:
- The impact of the significant increases in inflation currently being experienced.
 - The interest earned on the reserves which is linked to the bank base rate. These income levels have been further reduced for 2022/23.
 - The fall in the value of sterling against the Euro and the Dollar can lead to some additional inflationary costs. As over 80% of the MTFS budget costs are employment related these costs are relatively protected from this variable. The most significant impact is likely to be on fuel and computer products.

11.0 GOVERNANCE ARRANGEMENTS

- 11.1 The Annual Governance Statement is published alongside this document. The joint Annual Governance Statement describes the internal control environment for the Commissioner and the Chief Constable. It also sets out the joint arrangements for managing risk for the Commissioner and the Chief Constable.

12.0 THE STATEMENT OF ACCOUNTS

- 12.1 A brief explanation of the purpose of each of the four primary statements is provided below together with a high-level summary.

Movement in Reserves Statement for the Group and for the Police and Crime Commissioner as a single entity - shows the changes in the Commissioner's financial resources over the year. The statement shows the different reserves held which have been analysed into "Usable" and "Unusable" Reserves. Usable reserves can be used to fund expenditure during the year and in future years or to reduce the amount that needs to be raised in council tax. Unusable reserves are technical accounting adjustments that are required to be reported at year end.

The table below is a summary of the movement in reserves:

Summary Movement in Reserves	Balance as at 31/03/2021 £m	Movements £m	Balance as at 31/03/2022 £m
General Fund	14.402	1.528	15.930
Earmarked Reserves	31.687	10.138	41.825
Capital Receipts	0	0.948	0.948
Capital Grants	0	0	0
Total Usable Reserves	46.089	12.614	58.703
Unusable Reserves	(4,150.080)	96.197	(4,053.883)
Total Reserves	(4,103.991)	108.811	(3,995.180)

Narrative Report by Nicola Allen, Chief Financial Officer Continued

The significant movements during the year have been within unusable reserves, specifically for pensions, revaluation and the capital adjustment account. The accounting adjustments applied have been prepared in accordance with generally accepted accounting practices and are not chargeable against council tax for the year.

Comprehensive Income and Expenditure Statement for the Group and for the Police and Crime Commissioner as a single entity – this statement shows the accounting cost in the year of providing services in accordance with accounting standards. This amount is different to the amount funded by taxation due to the accounting treatment of certain costs such as depreciation and pensions.

The table below is a summary of the Group Comprehensive Income and Expenditure Statement:

Summary Comprehensive Income and Expenditure Statement	Gross Expenditure 2021/22 £m	Gross Income 2021/22 £m	Net Expenditure 2021/22 £m
Net Cost of Services	514.701	(84.082)	430.619
Other Operating Income and Expenditure	6.514	(59.075)	(52.561)
Financing and Investment Income and Expenditure	92.755	(7.103)	85.652
Taxation and Non-Specific Grant Income	0	(353.706)	(353.706)
(Surplus)/Deficit on Provision of Services	613.970	(503.966)	110.004
Other Comprehensive Income and Expenditure	0	(218.815)	(218.815)
Total Comprehensive Income and Expenditure	613.970	(722.781)	(108.811)

The statement highlights that the expenditure is dominated by the net cost of providing services which is mainly the costs of policing. The other most significant cost is shown in the Financing Investment Income and Expenditure section and relates to the pensions interest cost (£84.451m of the £85.635m shown in the above table). This cost is calculated in accordance with generally accepted accounting practices and reflects the cost of the pensions at the time employees earn their retirement benefits even though the benefits will not actually be payable until employees retire.

A further accounting adjustment of (£218.154m) is shown under “Other Comprehensive Income and Expenditure” which reflects the net movement in the revaluation of assets and the valuation of the pension liabilities.

Balance Sheet as at 31 March 2022, shows how the resources available to the Group and the Police and Crime Commissioner are held in the form of assets and liabilities.

The table below is a summary of the Group Balance Sheet:

Summary Balance Sheet	Balance as at 31/03/2021 £m	Balance as at 31/03/2022 £m	Movement £m
Long Term Assets	200.122	202.734	2.612
Current Assets	61.797	71.792	9.995
Current Liabilities	(58.839)	(54.465)	4.374
Long Term Liabilities	(4,307.071)	(4,215.241)	91.830
Net Liabilities	(4,103.991)	(3,995.180)	108.811
Unusable Reserves	(4,150.080)	(4,053.883)	96.197
Usable Reserves	46.089	58.703	12.614
Total Reserves	(4,103.991)	(3,995.180)	108.811

Narrative Report by Nicola Allen, Chief Financial Officer Continued

The significant movements in the balance sheet correspond to the areas highlighted above. The total reserves deficit is mainly due to the police officer and staff pension liabilities. In practice, in year pension costs for police officers are being met by the Home Office.

Cash Flow Statement shows how the movement in resources has been reflected in cash flows.

The table below is a summary of the cash flow position:

Summary Cash Flow Statement	Cash Flows 2020/21 £m	Cash Flows 2021/22 £m
Cash and Cash Equivalents as at 1 April 2021	(3.168)	(9.518)
Net Cash Flow from:		
Operating Activities	(19.348)	(8.148)
Investing Activities	30.955	22.082
Financing Activities	(17.957)	(11.140)
Movement	(6.350)	2.794
Cash and Cash Equivalents as at 31 March 2022	(9.518)	(6.724)

Expenditure and Funding Analysis shows how council tax and funding for the year has been used in providing services compared with resources consumed in accordance with generally accepted accounting practices.

The table below shows how the expenditure and funding analysis note and outturn relate to each other:

Reconciliation	2021/22 £m
Expenditure and Funding Analysis	
Net Cost of Services - Chief Constable	342.468
Net Cost of Services - Office of the Police and Crime Commissioner	1.963
Net Cost of Services - Commissioning	4.089
Financing and Investment Income and Expenditure	1.212
Total net expenditure funded by Taxation and Non-Specific Grant Income	349.732
Outturn	
PCC Group	348.987
Underspend transferred to General Balances	0.745
Total net expenditure funded by Taxation and Non-Specific Grant Income	349.732

- 12.2 The notes to the financial statements include the accounting policies and gives further information on the entries within the main statements as well as supplementary information. All notes relate to the Group Statements unless it is otherwise specified. These are further supplemented by a glossary of terms.

Signed by Nicola Allen
Chief Financial Officer to the Police and Crime Commissioner

Further Information

This publication provides a review of the financial performance of the Police and Crime Commissioner for 2021/22. It may be read in conjunction with the [Single Entity Accounts of the Chief Constable](#) and the [Police and Crime Plan](#).

**Independent Auditor's Report to the
Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly**

These Financial Statements have not yet been audited. The audited accounts will be presented to the Independent Audit Committee and published in accordance with the required statutory timescales.

Statement of Responsibilities

The Police and Crime Commissioner's Responsibilities

The Commissioner is required to:

- Make arrangements for the proper administration of the financial affairs of the Office of the Police and Crime Commissioner and to secure that one of her officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer to the Commissioner;
- Manage the affairs of the Office of the Police and Crime Commissioner to secure economic, efficient and effective use of resources and to safeguard its assets;
- Approve the Statement of Accounts.

Approval of the Accounts

I approve the Statement of Accounts.

Alison Hernandez
Police and Crime Commissioner
TBC

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Police and Crime Commissioner's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC "Code of Practice on Local Authority Accounting in the United Kingdom 2021/22" (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Financial Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2022 gives a true and fair view of the financial position of the Police and Crime Commissioner for Devon and Cornwall at the accounting date and of the income and expenditure for the year ended 31 March 2022.

Nicola Allen
Chief Financial Officer to the Police and Crime Commissioner
TBC



PCC
Office of the Police
and Crime Commissioner
Devon and Cornwall

Financial Statements

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Group Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2020/21 and 2021/22 on the different reserves held by the Police and Crime Commissioner Group, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Group's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/(decrease) shows the statutory General Fund Balance movements in the year following those adjustments.

Current Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021		14,402	31,687	0	0	46,089	(4,150,080)	(4,103,991)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(110,004)	0	0	0	(110,004)	218,815	108,811
Adjustments between accounting basis and funding basis under regulations	9	121,670	0	948	0	122,618	(122,618)	0
Transfers to/(from) Earmarked Reserves	10	(10,138)	10,138	0	0	0	0	0
Increase/(Decrease)		1,528	10,138	948	0	12,614	96,197	108,811
Balance at 31 March 2022		15,930	41,825	948	0	58,703	(4,053,883)	(3,995,180)

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020		10,847	32,551	0	524	43,922	(3,187,064)	(3,143,142)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(72,323)	0	0	0	(72,323)	(888,526)	(960,849)
Adjustments between accounting basis and funding basis under regulations	9	75,014	0	0	(524)	74,490	(74,490)	0
Transfers to/(from) Earmarked Reserves	10	864	(864)	0	0	0	0	0
Increase/(Decrease)		3,555	(864)	0	(524)	2,167	(963,016)	(960,849)
Balance at 31 March 2021		14,402	31,687	0	0	46,089	(4,150,080)	(4,103,991)

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

PCC Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2020/21 and 2021/22 on the different reserves held by the Police and Crime Commissioner, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Police and Crime Commissioner's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/(decrease) shows the statutory General Fund Balance movements in the year following those adjustments.

Current Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021		14,402	31,687	0	0	46,089	(4,150,080)	(4,103,991)
Movement in Reserves								
Total Comprehensive Income and Expenditure		101,713	0	0	0	101,713	7,098	108,811
Adjustments between accounting basis and funding basis under regulations	9	(90,047)	0	948	0	(89,099)	89,099	0
Transfers to/(from) Earmarked Reserves	10	(10,138)	10,138	0	0	0	0	0
Increase/(Decrease)		1,528	10,138	948	0	12,614	96,197	108,811
Balance at 31 March 2022		15,930	41,825	948	0	58,703	(4,053,883)	(3,995,180)

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020		10,847	32,551	0	524	43,922	(3,187,064)	(3,143,142)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(956,980)	0	0	0	(956,980)	(3,869)	(960,849)
Adjustments between accounting basis and funding basis under regulations	9	959,671	0	0	(524)	959,147	(959,147)	0
Transfers to/(from) Earmarked Reserves	10	864	(864)	0	0	0	0	0
Increase/(Decrease)		3,555	(864)	0	(524)	2,167	(963,016)	(960,849)
Balance at 31 March 2021		14,402	31,687	0	0	46,089	(4,150,080)	(4,103,991)

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2020/21 and 2021/22 of providing services for the Group in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation (precepts) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis note.

2020/21				2021/22			Notes
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	
398,009	(37,056)	360,953	Chief Constable	504,380	(80,242)	424,138	
2,025	(4)	2,021	Office of the Police and Crime Commissioner	2,483	(24)	2,459	30
7,764	(3,872)	3,892	Commissioning	7,838	(3,816)	4,022	27
407,798	(40,932)	366,866	Net Cost of Services	514,701	(84,082)	430,619	
			Other Operating Income and Expenditure				
0	(96)	(96)	Net (Surplus)/Deficit from the Sale of Non-Current Assets	0	(413)	(413)	20.3
4,064	(2,139)	1,925	(Gain)/Loss on Revaluation of Non-Current Assets	6,514	(5,243)	1,271	20.3
0	(44,545)	(44,545)	Pensions Top Up Grant	0	(53,419)	(53,419)	PFS
			Financing and Investment Income and Expenditure				
1,284	0	1,284	Interest Payable	1,275	0	1,275	18.2
0	(88)	(88)	Interest and Investment Income	0	(40)	(40)	18.2
3	(35)	(32)	Income and Expenditure in relation to Investment Properties and changes in their Fair Value	28	(40)	(12)	34
34	(82)	(48)	(Gain)/Loss on Financial Instruments	6	(28)	(22)	18.2
82,347	(5,003)	77,344	Pensions Interest	91,446	(6,995)	84,451	
			Taxation and Non-Specific Grant Income				
0	(179,459)	(179,459)	Police Grant	0	(190,771)	(190,771)	26
0	(15,461)	(15,461)	Council Tax Support Grants	0	(15,461)	(15,461)	26
0	(134,379)	(134,379)	Council Tax Precept	0	(146,533)	(146,533)	
0	(988)	(988)	Capital Grants and Contributions	0	(941)	(941)	26
495,530	(423,207)	72,323	(Surplus)/Deficit on Provision of Services	613,970	(503,966)	110,004	
		1,678	(Surplus)/Deficit on Revaluation of Non-Current Assets			(7,136)	11
		886,848	Remeasurement of the Net Defined Benefit Liability/(Asset)			(211,679)	32
		888,526	Other Comprehensive Income and Expenditure			(218,815)	
		960,849	Total Comprehensive Income and Expenditure			(108,811)	

Nicola Allen
Chief Financial Officer to the Police and Crime Commissioner
TBC

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

PCC Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2020/21 and 2021/22 of providing services for the Police and Crime Commissioner in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation (precepts) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis note.

2020/21				2021/22			Notes
Gross Expenditure Restated £'000	Gross Income Restated £'000	Net Expenditure Restated £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	
398,009	(37,056)	360,953	Chief Constable - Intra-group transaction	504,380	(80,242)	424,138	4
2,025	(4)	2,021	Office of the Police and Crime Commissioner	2,483	(24)	2,459	30
7,764	(3,872)	3,892	Commissioning	7,838	(3,816)	4,022	27
407,798	(40,932)	366,866	Net Cost of Services	514,701	(84,082)	430,619	
			Other Operating Income and Expenditure				
0	(96)	(96)	Net (Surplus)/Deficit from the Sale of Non-Current Assets	0	(413)	(413)	20.3
4,064	(2,139)	1,925	(Gain)/Loss on Revaluation of Non-Current Assets	6,514	(5,243)	1,271	20.3
0	(44,545)	(44,545)	Pensions Top Up Grant	0	(53,419)	(53,419)	PFS
			Financing and Investment Income and Expenditure				
1,284	0	1,284	Interest Payable *	1,275	0	1,275	18.2
0	(88)	(88)	Interest and Investment Income	0	(40)	(40)	18.2
3	(35)	(32)	Income and Expenditure in relation to Investment Properties and changes in their Fair Value	28	(40)	(12)	34
34	(82)	(48)	(Gain)/Loss on Financial Instruments	6	(28)	(22)	18.2
183	(90)	93	Pensions Interest *	286	(151)	135	
82,164	(4,913)	77,251	Pensions Interest - Intra-Group Transaction	91,160	(6,844)	84,316	4
			Taxation and Non-Specific Grant Income				
0	(179,459)	(179,459)	Police Grant	0	(190,771)	(190,771)	26
0	(15,461)	(15,461)	Council Tax Support Grants	0	(15,461)	(15,461)	26
0	(134,379)	(134,379)	Council Tax Precept	0	(146,533)	(146,533)	
0	(988)	(988)	Capital Grants and Contributions	0	(941)	(941)	26
884,657	0	884,657	Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	0	(211,717)	(211,717)	4
1,380,187	(423,207)	956,980	(Surplus)/Deficit on Provision of Services	613,970	(715,683)	(101,713)	
		1,678	(Surplus)/Deficit on Revaluation of Non-Current Assets			(7,136)	11
		2,191	Remeasurement of the Net Defined Benefit Liability (Asset)			38	32
		3,869	Other Comprehensive Income and Expenditure			(7,098)	
		960,849	Total Comprehensive Income and Expenditure			(108,811)	

* The presentation of the Comprehensive Income and Expenditure Statement has changed to show the interest on pensions separate from the interest payable line. The pensions top up grant has been moved from the Chief Constable – intra-group transaction line to a separate line.

Nicola Allen, Chief Financial Officer to the Police and Crime Commissioner TBC

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Group and PCC Balance Sheet

The Balance Sheet shows the value as at 31 March 2021 and 31 March 2022 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner. The net assets of the Group/Police and Crime Commissioner (assets less liabilities) are matched by the reserves held by the Group/Police and Crime Commissioner.

As at PCC £'000	31 March 2021 PCC Group £'000		As at PCC £'000	31 March 2022 PCC Group £'000	Notes
		Long Term Assets			
166,324	166,324	Land and Buildings	169,870	169,870	11
2,515	2,515	Intangible Assets	1,937	1,937	12
4,762	4,762	Surplus Assets	3,806	3,806	11
21,837	25,646	Vehicle, Plant and Equipment	23,026	26,329	11
385	385	Investment Property	574	574	34
490	490	Long Term Debtor	218	218	
3,809	0	Intra-Group Debtors	3,303	0	4
200,122	200,122	Total Long Term Assets	202,734	202,734	
		Current Assets			
18,157	18,157	Short Term Investments	21,125	21,125	18
6,100	6,100	Assets Held for Sale	6,442	6,442	16
1,804	1,804	Inventories	1,601	1,601	
4,269	26,218	Short Term Debtors	8,631	35,900	14
21,949	0	Intra-Group Debtors	27,269	0	4
9,518	9,518	Cash and Cash Equivalents	6,724	6,724	15
61,797	61,797	Total Current Assets	71,792	71,792	
		Current Liabilities			
(18,000)	(18,000)	Short Term Borrowing	(11,200)	(11,200)	
(2,879)	(39,331)	Short Term Creditors	(3,048)	(41,191)	17
(641)	(1,508)	Provisions	(1,553)	(2,074)	19
(37,319)	0	Intra-Group Creditors	(38,664)	0	4
(58,839)	(58,839)	Total Current Liabilities	(54,465)	(54,465)	
		Long Term Liabilities			
(887)	(887)	Provisions	(946)	(946)	19
(30,277)	(30,277)	Long Term Borrowing	(30,277)	(30,277)	33
(56)	(56)	Finance Lease	0	0	
(490)	(490)	Deferred Capital Receipts	(218)	(218)	
(5,677)	(316,460)	Pensions Liability - Staff	(6,370)	(294,135)	32
0	(3,958,901)	Pensions Liability - Officers	0	(3,889,665)	32
(4,269,684)	0	Intra-Group Creditors	(4,177,430)	0	4
(4,307,071)	(4,307,071)	Total Long Term Liabilities	(4,215,241)	(4,215,241)	
(4,103,991)	(4,103,991)	Net Liabilities	(3,995,180)	(3,995,180)	
		Represented by			
(4,150,080)	(4,150,080)	Unusable Reserves	(4,053,883)	(4,053,883)	20
46,089	46,089	Usable Reserves	58,703	58,703	
(4,103,991)	(4,103,991)	Total Reserves	(3,995,180)	(3,995,180)	

Nicola Allen
Chief Financial Officer to the Police and Crime Commissioner
TBC

Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and the Police and Crime Commissioner during the reporting period. As there is no distinction between the Group and the Police and Crime Commissioner, there is no separate statement for the Police and Crime Commissioner. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the way the Group has managed its cash outflows against the monies received by way of taxation, grant income and from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2020/21 £'000		2021/22 £'000	Notes
72,323	Net (Surplus) or Deficit on the Provision of Services	110,004	
	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements		
(66,770)	(Increase)/Decrease in pensions liability	(120,117)	
(14,668)	Depreciation and amortisation	(13,566)	
(567)	(Increase)/Decrease in provisions	(625)	
96	Surplus/(Loss) on sales of non-current assets	413	
(1,924)	Surplus/(Loss) on revaluation of non-current assets	(1,288)	
(7,838)	Movement in relevant assets/liabilities	17,031	
(19,348)	Net Cash (Inflows)/Outflows from Operating Activities	(8,148)	21
30,955	Investing Activities	22,082	22
(17,957)	Financing Activities	(11,140)	23
(6,350)	Net (Increase)/Decrease in Cash and Cash Equivalents	2,794	
(3,168)	Cash and Cash Equivalents at the beginning of the reporting period	(9,518)	
(9,518)	Cash and Cash Equivalents at the end of the reporting period	(6,724)	15



PCC
Office of the Police
and Crime Commissioner
Devon and Cornwall

Notes to the Financial Statements

Note 1 Accounting Policies

1. GENERAL PRINCIPLES

The statement of accounts summarises the Groups transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Group is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Sections 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

The accounting convention adopted in the statement of accounts is principally historical cost modified by the revaluation for certain categories of non-current assets and financial instruments. The financial statements have been prepared with due regard to the going concern principle.

2. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

3. ACCOUNTING POLICY DEVELOPMENTS AND CHANGES

Changes in accounting policies are only made when required by proper accounting practices or if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

4. PRIOR PERIOD ADJUSTMENTS, ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events

Note 1 Accounting Policies Continued

- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue of the audited accounts are not reflected in the statement of accounts.

6. CONTINGENT LIABILITIES

A contingent liability arises where an event has taken place that gives the Group a possible obligation whose existence can only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

7. COUNCIL TAX

The council tax income included in the Comprehensive Income and Expenditure Statement is the Group's share of accrued income for the year. However, regulations determine the amount of council tax that must be included in the Group's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Account and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Group's share of the end of year balances in respect of council tax relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the Comprehensive Income and Expenditure Account. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

8. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Group has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

9. FOREIGN CURRENCY TRANSLATION

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

10. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, Government grants, third-party contributions and donations for personnel protective equipment from the Department of Health and Social Care are recognised as due to the Group when there is reasonable assurance that:

- the Group will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Note 1 Accounting Policies Continued

Amounts recognised as due to the Group are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Account.

Where capital grants are credited to the Comprehensive Income and Expenditure Account, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Amounts in the capital grants unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

11. FINANCIAL INSTRUMENTS

11.1 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Account is the amount payable for the year according to the loan agreement.

11.2 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. The Group holds financial assets measured at:

- amortised cost, and
- fair value through profit or loss (FVPL), and
- fair value through Other Comprehensive Income (FVOCI)

The Group's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

11.3 Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Group, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Account.

11.4 Expected Credit Loss Model

The Group recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets, however where appropriate the simplified approach model is used to recognise expected credit

Note 1 Accounting Policies Continued

losses for lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Group.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

11.5 Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

11.6 Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the surplus or deficit on the provision of services.

11.7 Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are provided by the Group Treasury advisors.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets that the Group can access at the measurement date.
- Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs: unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Account.

12. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that are held no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

13. LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Note 1 Accounting Policies Continued

13.1 The Group as Lessee

13.1.1 Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Group are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge debited to the Comprehensive Income and Expenditure Account.

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Group at the end of the lease period).

The Group is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

13.1.2 Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Account as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payment (e.g. there is a rent-free period at the commencement of the lease).

13.2 The Group as Lessor

13.2.1 Operating Leases

Where the Group grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

14. JOINT OPERATIONS

The Group participates in a number of partnership activities. These arrangements involve the Group carrying out activities relevant to their own functions jointly with others. The Group accounts for only its share of the jointly controlled assets; and for the liabilities, expenses and income that the Group incurs with respect to their interest in the partnerships.

15. OVERHEADS AND SUPPORT SERVICES

The cost of overheads and support services are charged to service segments in accordance with the Group's arrangements for accountability and financial performance.

16. EMPLOYEE BENEFITS

16.1 Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g.

Note 1 Accounting Policies Continued

cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

16.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Police and Crime Commissioner or Chief Constable to terminate an employee's employment before the normal retirement date. The amount is charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Police and Crime Commissioner or Chief Constable is demonstrably committed to the termination of the employment of an employee. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards (this only applies to compulsory redundancies).

In the Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

16.3 Post-Employment Benefits

Employees of the Police and Crime Commissioner are members of the Local Government Pensions Scheme (CARE).

Employees of the Chief Constable are members of four separate pension schemes:

- The Police Officer 1987 Scheme (PPS)
- The Police Officer 2006 Scheme (NPPS)
- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Group.

16.3.1 Police Officers' Pension Schemes

All Police Officers' Pension Schemes are accounted for as defined benefits schemes.

The liabilities of the Police Officers' Pension Schemes are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projected earnings for current employees.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of all Police Schemes. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

16.3.2 The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration of the past service liability. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

Note 1 Accounting Policies Continued

The assets of the Devon County Council pension fund attributable to the Group are included in the Balance Sheet at their fair value:

- | | | | |
|---|---------------------|---|-----------------------|
| • | quoted securities | - | current bid price |
| • | unquoted securities | - | professional estimate |
| • | unitised securities | - | current bid price |
| • | property securities | - | current bid price |
| • | property | - | market value |

16.3.3 Net Pensions Liability Analysed

The change in the net pension's liability for the Pension Schemes is analysed into the following components:

Service cost comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Group - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period and taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

The return on plan assets excludes the amounts included in net interest on the net defined benefit liability (asset) which is charged to the pensions reserve as other Comprehensive Income and Expenditure. This is only applicable to the Local Government Pension Scheme.

Actuarial gains and losses are changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These changes are charged to the pensions reserve as other Comprehensive Income and Expenditure.

Benefits paid (only applicable to the Police Officer Pension Schemes):

- cash paid to pensioners including injury pension payments.

Contributions paid (only applicable to the Local Government Pension Scheme):

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

16.3.4 Police Officers' Injury Benefits

The Group makes payment under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officers' pension schemes. The figures are included within the unfunded pension calculation as the injury benefits may be financially significant with volatile actuarial gains and losses. These have been estimated by the independent actuary.

16.3.5 Impact on Reserves

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement of Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being

Note 1 Accounting Policies Continued

required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

16.4 Discretionary Benefits

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

17. PROVISIONS

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Group has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation taking into account the relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed (or reduced) and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as the income for the relevant service if it is virtually certain that the reimbursement will be received if the Group settles the obligation.

Provision is made for termination payments due to staff resulting from restructuring when the Group has raised a valid expectation to the staff affected that it will carry out restructuring by starting to implement a particular restructuring plan or announcing its main features to those affected by it. Each element of any Force restructuring plan will be treated separately and provision made of the estimated termination payments as and when each element of the plan is announced.

18. RESERVES

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back to the General Fund balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirements and employee benefits and do not represent usable resources for the Group – these reserves are explained in the relevant policies.

19. PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

19.1 Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group for more than one year and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as it is incurred.

Note 1 Accounting Policies Continued

19.2 Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group does not capitalise borrowing costs incurred whilst the assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- | | | |
|---|---|---|
| • operational specialised property | - | depreciated replacement cost (DRC) |
| • operational non-specialised property assets | - | existing use value |
| • assets under construction | - | historical cost |
| • non-property assets | - | depreciated historical cost |
| • surplus assets | - | fair value, estimated at highest and best use from a market participant's perspective |

Property assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end but as a minimum every three years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

(Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.)

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

19.3 Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant services line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Note 1 Accounting Policies Continued

19.4 Depreciation

Depreciation is provided for all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Vehicles – are depreciated monthly, using the straight-line allocation, over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered.
- Land and Buildings – the useful life of each building is assessed by the valuer and depreciated, using the straight-line allocation, from the first of the month of acquisition; the land value is not depreciated. Where an asset comprises two or more major components with substantially different useful lives, each component is accounted for separately.
- Enhancements/Adaptions to leasehold buildings – are depreciated monthly, using the straight-line allocation, over the life of the lease.
- Information and Communications Technology – depreciation is charged monthly, using the straight-line allocation, from the first of the month of acquisition starting in the year of acquisition. The asset life of individual groups of assets has been assessed and each group is depreciated individually according to asset life.
- Plant and Equipment – these assets are given specific asset lives and are depreciated monthly, using the straight-line allocation.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

19.5 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant, equipment and vehicles or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are (if any) credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts. Receipts are credited to the usable Capital Receipts Reserve and used for new capital investment. Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written off value of disposals is not charged against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

19.6 Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued when reclassified and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for

Note 1 Accounting Policies Continued

depreciation, amortisation or revaluations that would have been recognised had they not been classified as assets held for sale and their recoverable amount at the date of the decision not to sell.

19.7 Surplus Assets

Non-current assets which are surplus to service needs, but which do not meet the criteria required to be classified as investment property, or asset held for sale are classified as surplus assets within property, plant and equipment. Surplus assets can be categorised as either non-current assets or current assets, depending on their nature. These assets are depreciated.

20. INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Group.

20.1 Measurement

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Group can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost.

20.2 Amortisation

The depreciable amount of an intangible asset is amortised over its useful life and charged to the Comprehensive Income and Expenditure Statement.

20.3 Impairment

An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to other operating expenditure in the Comprehensive Income and Expenditure Statement.

20.4 Accounting

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

21. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

22. INVENTORIES

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using an average cost formula.

23. LONG TERM CONTRACTS

Long term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

24. EXCEPTIONAL ITEMS

When items of expenditure are outside the normal type of expenditure incurred by the Group they will be disclosed separately on the face of the Comprehensive Income and Expenditure Statement if they are material, and a separate disclosure would be made to aid the understanding of the Group's financial performance.

Note 1 Accounting Policies Continued

25. CHARGES TO REVENUE NON-CURRENT ASSETS

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Group in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

26. INVESTMENT PROPERTY

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

27. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The Group's accounting policy for fair value measurement of financial assets is set out in the note to the accounts. The Group also measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset.

The Group measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group's valuers use valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Group's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Group can access at the measurement date

Note 1 Accounting Policies Continued

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

28. DONATED INVENTORIES

Where inventories are acquired through a non-exchange transaction, their cost is deemed to be their fair value as at the date of acquisition. In the event that the inventories are not distributed, they are recognised in the donated inventories account. When inventories are distributed, the carrying amount of those inventories are recognised as an expense in the period when distribution occurred.

Note 2 Accounting Standards Issued, Not Adopted

Appendix C of the CIPFA code requires Local Authorities to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. Standards that fall into this category are:

- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7.
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16.

All of these standards have been incorporated in the Code from 2021/22. However, none have material impact for the Group and none warrant disclosure in these accounts.

IFRS 16 Leases is an accounting standard that was due to be implemented on the 1 April 2020. However, it has been delayed nationally to 1 April 2024 following a consultation that took place in March 2022. The new IFRS introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Police and Crime Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements in the Statement of Accounts are:

- The Police and Crime Commissioner Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA Service Reporting Code of Practice and the Police Reform and Social Responsibility Act. Further detail is shown in Note 4.
- Estimation of the pension element of the provision (set out above) is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cashflows.

Note 4 The Police and Crime Commissioner as an Accounting Entity

The Police and Crime Commissioner is part of an accounting group along with the Chief Constable (referred to as the PCC Group). The accounting recognition of the Group's assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice.

The Police and Crime Commissioner receives all government funding and income, and the Chief Constable does not hold any cash or reserves. When the Police and Crime Commissioner's resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies. The Police and Crime Commissioner's Balance Sheet reflects the continuing requirement on an elected policing body, as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the Chief Constable from the Police Fund for the payment of assets and liabilities. It is reasonable to expect that should the Police and Crime Commissioner Group be required to settle future liabilities, then settlement would result in an outflow of resources from the Police and Crime Commissioner.

For accounting and regulatory purposes, the Police and Crime Commissioner and the Chief Constable are classed as Local Authorities and are covered by the CIPFA Code of Practice for Local Authority Accounting 2021/22.

The financial consequences of the activity under the control of the Chief Constable are shown in the Chief Constable's single entity accounts which are published separately. As the Chief Constable does not hold reserves, the Chief Constable's Comprehensive Income and Expenditure Statement shows the gross cost of policing which is offset by intra-group adjustments to reflect the payments and accruals made by the Police and Crime Commissioner at the request of the Chief Constable. The result of these adjustments is that the Chief Constable has a nil balance on his General Fund. The intra-group adjustments are mirrored in the Police and Crime Commissioner's Accounts. The intra-group transactions are summarised in the table below.

All of the assets and liabilities and reserves of the Police and Crime Commissioner Group with the following exceptions are recognised on the Police and Crime Commissioner's Balance Sheet. The exceptions are:

- Employment liabilities for officers and staff under the direction of the Chief Constable are recognised on the Chief Constable's Balance Sheet. The liability in the Chief Constable's Balance Sheet for these items is offset by a long term debtor reflecting the Police and Crime Commissioner's responsibility to provide funds from the Police Fund each year to enable the Chief Constable to administer the police pensions.
- Certain categories of long term and current assets are shown on the Chief Constable's Balance Sheet. These assets are offset in the Balance Sheet by a long term and short term creditor respectively.
- Certain categories of current liabilities are shown on the Chief Constable's Balance Sheet. These liabilities are offset in the Balance Sheet by a short term debtor.

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Note 4 The Police and Crime Commissioner as an Accounting Entity Continued

Intra-Group Transactions	2020/21		2021/22	
Comprehensive Income and Expenditure Statements	Chief Constable	Police and Crime Commissioner	Chief Constable	Police and Crime Commissioner
	£'000	£'000	£'000	£'000
Net Cost of Policing	(316,408)	316,408	(370,719)	370,719
Pensions Interest Cost - Intra-Group Transaction	(77,251)	77,251	(84,316)	84,316
Actuarial (Gains)/Losses on Pensions Funds - Intra-Group Transaction	(884,657)	884,657	211,717	(211,717)
Balance Sheet	Chief Constable	Police and Crime Commissioner	Chief Constable	Police and Crime Commissioner
Non-Current Assets/Liabilities	£'000	£'000	£'000	£'000
Pensions Liabilities	(4,269,684)	0	(4,177,430)	0
Pensions Liabilities - Intra-Group Debtor	4,269,684	0	4,177,430	0
Pensions Liabilities - Intra-Group Creditor	0	(4,269,684)	0	(4,177,430)
ICT and Equipment Assets	3,809	0	3,303	0
ICT and Equipment - Intra-Group Creditor	(3,809)	0	(3,303)	0
ICT and Equipment - Intra-Group Debtor	0	3,809	0	3,303
Current Assets/Liabilities				
Current Liabilities	(37,319)	0	(38,664)	0
Current Liabilities - Intra-Group Debtors	37,319	0	38,664	0
Current Liabilities - Intra-Group Creditors	0	(37,319)	0	(38,664)
Current Assets	21,949	0	27,269	0
Current Assets - Intra-Group Creditors	(21,949)	0	(27,269)	0
Current Assets - Intra-Group Debtors	0	21,949	0	27,269
Unusable Reserves				
Intra-Group Transactions	0	(4,281,245)	0	(4,185,522)

When the Balance Sheets for the two corporate bodies are consolidated into the Group Balance Sheet these intra-group transactions are eliminated.

Note 5 Events after the Reporting Period

The draft Statement of Accounts were authorised for issue on 13 June 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Police and Crime Commissioner Group about the future or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Group Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty Continued

6.1 Pensions Liability

Uncertainties

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Pension fund assets (relevant in the case of the Local Government Pension Scheme) are measured at fair value which requires reference to the market conditions held at the measurement date. As a result of the COVID-19 pandemic, the market has been subject to volatility during 2020/21 and 2021/22, however markets have continued trading and information was available to measure the fund assets at the measurement date. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.

Valuation Assumption

The assumptions recommended by the actuaries have been considered and approved for use in the valuing of the pension liabilities. These assumptions are set out in the Defined Benefit Pension Schemes Note.

A remedy process to resolve the age discrimination of the pension changes resulting from the reform of public service pension schemes has been published by HM Treasury. The Treasury has confirmed that: legacy schemes would be closed from 31 March 2022; a remedy has been introduced for the period 2015-2022 based on a deferred choice underpin basis; and eligibility criteria for members to access the remedy. From 1 April 2022, members are assumed to accrue benefits in the career average revalued earnings (CARE) scheme. The estimated impact of McCloud/Sargeant has been factored into the IAS19 pension valuations estimates since 2018/19. These estimates have evolved as assumptions underpinning them have evolved.

Settlement and curtailment events are assumed to be material and are remeasured using current assumptions and the fair value of plan assets at the time of the event.

Effect if Actual Results Differ from Assumptions

The effects on the net pension's liability of changes in individual assumptions are shown in the Defined Benefit Pension Schemes Note.

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Note 7 Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants and council tax) by the Police and Crime Commissioner Group in comparison with those resources consumed or earned by the Police and Crime Commissioner Group in accordance with accounting practices. It also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2021/22								
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure in the CIES	Adjustments between the Funding and Accounting Basis				
				Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Intra-Group Funding	Total Adjustments
				(Note 7.1)	(Note 7.2)	(Note 7.3)		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	342,468	81,670	424,138	5,927	88,566	(12,823)	(81,670)	0
Office for the Police and Crime Commissioner	1,963	496	2,459	2	519	(25)	81,670	82,166
Commissioning	4,089	(67)	4,022	0	0	(67)	0	(67)
Net Cost of Services	348,520	82,099	430,619	5,929	89,085	(12,915)	0	82,099
Other Operating Income and Expenditure	0	(52,544)	(52,544)	875	(53,419)	0	0	(52,544)
Financing and Investment Income and Expenditure	1,212	84,423	85,635	0	84,451	(28)	0	84,423
Taxation and Non-Specific Grant Income	(349,732)	(3,974)	(353,706)	(941)	0	(3,033)	0	(3,974)
Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	0	110,004	110,004	5,863	120,117	(15,976)	0	110,004
Opening Revenue Reserve Balance as at 31 March 2021	14,402							
Less/Plus Surplus or (Deficit) on the General Fund in Year	1,528							
Closing Revenue Reserve Balance as at 31 March 2022	15,930							

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Note 7 Expenditure and Funding Analysis Continued

2020/21								
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure in the CIES	Adjustments between the Funding and Accounting Basis				
				Adjustments for Capital Purposes (Note 7.1)	Net Change for Pensions Adjustments (Note 7.2)	Other Differences (Note 7.3)	Intra-Group Funding	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	325,506	35,447	360,953	8,629	33,663	(6,845)	(35,447)	0
Office for Police and Crime Commissioner	1,716	305	2,021	(7)	307	5	35,447	35,752
Commissioning	3,892	0	3,892	0	0	0	0	0
Net Cost of Services	331,114	35,752	366,866	8,622	33,970	(6,840)	0	35,752
Other Operating Income and Expenditure	0	(42,716)	(42,716)	1,829	(44,545)	0	0	(42,716)
Financing and Investment Income and Expenditure	1,163	77,296	78,459	0	77,344	(48)	0	77,296
Taxation and Non-Specific Grant Income	(332,277)	1,991	(330,286)	(988)	0	2,979	0	1,991
Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	0	72,323	72,323	9,463	66,769	(3,909)	0	72,323
Opening Revenue Reserve Balance as at 31 March 2020	10,847							
Less/Plus Surplus or (Deficit) on the General Fund in Year	3,555							
Transfer (to)/from Other Reserves	0							
Closing Revenue Reserve Balance as at 31 March 2021	14,402							

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Note 7 Expenditure and Funding Analysis Continued

7.1 Adjustment for Capital Purposes

This column deducts the depreciation, amortisation, minimum revenue provision, finance lease, revenue contributions, and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** - adjusts for capital disposals with a transfer of income on disposals of assets and the amounts written off for those assets.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

7.2 Net Change for Pensions' Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** – this represents the removal of the employer pension contributions made by the Group as allowed by statute and the replacement with current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

7.3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and the amounts payable/receivable to be recognised under statute:

- **For financing and investment income and expenditure** the other difference column recognises adjustments to the General Fund that do not fall into one of the above categories, such as gains/losses on financial instruments.
- The charge under **taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax that was projected to be received at the start of the year and the income recognised under generally accepted accounting policies in the code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the collection fund.
- Accumulated absences that have been accrued for absences earned but not taken in the year.

7.4 Chief Constable Outturn

The Chief Constable reported outturn is the sum of the amount disclosed against the Chief Constable line and the amount shown against the financing and investment income and expenditure line. In the Statement of Accounts, the financing and investment income and expenditure line is under the control of the Police and Crime Commissioner and is excluded from the Chief Constable's Comprehensive Income and Expenditure Statement and Expenditure and Funding Analysis Statement but shown in the equivalent Police and Crime Commissioner statements.

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Note 8 Expenditure and Income Analysed by Nature

The Group's expenditure and income is analysed as follows:

2020/21 Restated* £'000	Expenditure/Income	2021/22 £'000
	Expenditure	
325,343	Employee benefit expenses *	392,477
67,787	Other service expenses	108,658
14,668	Depreciation, amortisation, impairment	13,566
1,284	Interest payments	1,275
34	Loss on financial instruments	6
4,064	Loss on revaluation of fixed assets	6,514
3	Loss on the investment of property	28
0	Loss on the sale of non-current assets	0
82,347	Pensions Interest *	91,446
495,530	Total Expenditure	613,970
	Income	
(17,897)	Fees, charges and other service income *	(24,637)
(2,139)	Gain on revaluation of fixed assets	(5,243)
(82)	Gain on financial instruments	(28)
(35)	Gain on the investment of property	(40)
(96)	Gain on the sale of non-current assets	(413)
(88)	Interest and investment income *	(40)
(5,003)	Pensions Interest *	(6,995)
(134,379)	Income from council tax	(146,533)
(263,488)	Government grants and contributions *	(320,037)
(423,207)	Total Income	(503,966)
72,323	Deficit on the Provision of Services	110,004

* Fees, charges and other service income and government grants and contributions have been restated as some grants credited to services had previously been included in fees, charges and other service income. Pension interest lines have been added into this table to allow direct comparison to the Comprehensive Income and Expenditure Statement. Previously these lines were included in employee benefit expenses and interest and investment income for expenditure and income respectively.

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Police and Crime Commissioner Group in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Police and Crime Commissioner Group to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

9.1 General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Group are required to be paid and out of which all liabilities of the Group are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Group is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Group is required to recover) at the end of the financial year.

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Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

9.2 Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

9.3 Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Group has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Current Year – Police and Crime Commissioner Group		2021/22		
		Usable Reserves		Unusable Reserves
	General Balances	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	120,117	0	0	(120,117)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	(28)	0	0	28
Council Tax and NDR (transfers to or from Collection Fund)	(3,033)	0	0	3,033
Holiday pay (transferred to the Accumulated Absences Reserve)	(411)	0	0	411
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	14,455	0	(13)	(14,442)
Total Adjustments to Revenue Resources	131,100	0	(13)	(131,087)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	978	0	(978)
Transfer of Grants from Revenue to the Capital Grant Reserve	(941)	0	941	0
Statutory provision for the repayment of debt (transfer from the CAA)	(2,395)	0	0	2,395
Capital expenditure financed from revenue balances (transfer to the CAA)	(6,094)	0	0	6,094
Total Adjustments between Revenue and Capital Resources	(9,430)	978	941	7,511
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure and disposal costs	0	(30)	0	30
Application of capital grants to finance capital expenditure	0	0	(928)	928
Total Adjustments to Capital Resources	0	(30)	(928)	958
Total Adjustments excluding Earmarked Adjustments	121,670	948	0	(122,618)
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				(122,618)

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Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

Comparative Year – Police and Crime Commissioner Group	2020/21			Unusable Reserves
	Usable Reserves			
	General Balances £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	66,770	0	0	(66,770)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	(48)	0	0	48
Council Tax and NDR (transfers to or from Collection Fund)	2,979	0	0	(2,979)
Holiday pay (transferred to the Accumulated Absences Reserve)	2,678	0	0	(2,678)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA)):	16,590	0	(95)	(16,495)
Total Adjustments to Revenue Resources	88,969	0	(95)	(88,874)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	173	0	(173)
Transfer of Grants from Revenue to the Capital Grant Reserve	(988)	0	988	0
Statutory provision for the repayment of debt (transfer from the CAA)	(1,759)	0	0	1,759
Capital expenditure financed from revenue balances (transfer to the CAA)	(11,208)	0	0	11,208
Total Adjustments between Revenue and Capital Resources	(13,955)	173	988	12,794
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(173)	0	173
Application of capital grants to finance capital expenditure	0	0	(1,417)	1,417
Total Adjustments to Capital Resources	0	(173)	(1,417)	1,590
Total Adjustments excluding Earmarked Adjustments	75,014	0	(524)	(74,490)
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				(74,490)

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Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

Current Year - Police and Crime Commissioner		2021/22		
		Usable Reserves		Unusable Reserves
		General Balances	Capital Receipts Reserve	Capital Grants Unapplied
		£'000	£'000	£'000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	654	0	0	(654)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	(28)	0	0	28
Council Tax and NDR (transfers to or from Collection Fund)	(3,033)	0	0	3,033
Holiday pay (transferred to the Accumulated Absences Reserve)	(14)	0	0	14
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	889	0	(13)	(876)
Intra-Group Adjustments	(79,085)	0	0	79,085
Total Adjustments to Revenue Resources	(80,617)	0	(13)	80,630
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	978	0	(978)
Transfer of Grants from Revenue to the Capital Grant Reserve	(941)	0	941	0
Statutory provision for the repayment of debt (transfer from the CAA)	(2,395)	0	0	2,395
Capital expenditure financed from revenue balances (transfer to the CAA)	(6,094)	0	0	6,094
Total Adjustments between Revenue and Capital Resources	(9,430)	978	941	7,511
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(30)	0	30
Application of capital grants to finance capital expenditure	0	0	(928)	928
Total Adjustments to Capital Resources	0	(30)	(928)	958
Total Adjustments excluding Earmarked Adjustments	(90,047)	948	0	89,099
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				89,099

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

Comparative Year - Police and Crime Commissioner		2020/21		
		Usable Reserves		Unusable Reserves
	General Balances	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:.				
Pensions costs (transferred to (or from) the Pensions Reserve)	400	0	0	(400)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	(48)	0	0	48
Council Tax and NDR (transfers to or from Collection Fund)	2,979	0	0	(2,979)
Holiday pay (transferred to the Accumulated Absences Reserve)	5	0	0	(5)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA)):	1,922	0	(95)	(1,827)
Intra-Group Adjustments	968,368	0	0	(968,368)
Total Adjustments to Revenue Resources	973,626	0	(95)	(973,531)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	173	0	(173)
Transfer of Grants from Revenue to the Capital Grant Reserve	(988)	0	988	0
Statutory provision for the repayment of debt (transfer from the CAA)	(1,759)	0	0	1,759
Capital expenditure financed from revenue balances (transfer to the CAA)	(11,208)	0	0	11,208
Total Adjustments between Revenue and Capital Resources	(13,955)	173	988	12,794
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(173)	0	173
Application of capital grants to finance capital expenditure	0	0	(1,417)	1,417
Total Adjustments to Capital Resources	0	(173)	(1,417)	1,590
Total Adjustments excluding Earmarked Adjustments	959,671	0	(524)	(959,147)
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				(959,147)

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Note 10 Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund in Earmarked Reserves to provide financing for future expenditure plans and amounts posted back from Earmarked Reserves to meet General Fund expenditure in the year.

	Balance at 1 April 2020	Transfer Out 2020/21	Transfer In 2020/21	Balance at 31 March 2021	Transfer Out 2021/22	Transfer In 2021/22	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget Management Fund	2,114	(1,694)	3,392	3,812	(2,033)	5,390	7,169
Vision Zero South West Reserve	0	0	0	0	(83)	4,804	4,721
PEQF Reserve	265	(138)	0	127	(127)	0	0
Capital Financing Reserve	23,119	(11,576)	750	12,293	(852)	3,542	14,983
Estates Development	794	(186)	0	608	0	0	608
Police and Crime Plan	991	0	0	991	(2)	79	1,068
Capital Programme Reserve	2,748	(2,748)	0	0	0	0	0
ESN Capital Reserve	2,520	0	7,705	10,225	0	0	10,225
Uplift Reserve	0	0	3,631	3,631	(710)	130	3,051
Total	32,551	(16,342)	15,478	31,687	(3,807)	13,945	41,825

The purpose of the Funds and Reserves held at 31 March 2022 are set out below:

Budget Management Fund	This is a fund to allow the transfer of carry-forward requests to the following year.
Vision Zero South West Reserve	This reserve is the ring-fenced pooled balance of the Vision Zero South West Road Safety Partnership.
PEQF Reserve	To meet one off costs of the Police Education Qualifications Framework.
Capital Financing Reserve	To fund capital investment.
Estates Development Reserve	To fund revenue cost of rationalising and developing the estate including planning applications, consultancy costs and project management.
Police and Crime Plan Reserve	To fund planned Police and Crime Plan developments.
Capital Programme Reserve	To fund one off capital programme costs.
ESN Capital Reserve	To fund enabling work and acquisition of new national communication systems and hardware.
Uplift Reserve	To hold funds for infrastructure relating to the future years uplift programme.

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Note 11 Property, Plant and Equipment

This table sets out the 2021/22 property, plant and equipment for the Police and Crime Commissioner Group.

Movements for 2021/22						
	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	171,724	48,421	0	5,325	4,762	230,232
Additions	3,399	3,795	1,451	2,177	0	10,822
Revaluation recognised in the Revaluation Reserve	999	0	0	0	(1,033)	(34)
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	(1,783)	0	0	0	0	(1,783)
Derecognition-Disposals	(1,081)	(8,981)	0	0	0	(10,062)
Reclassification	(197)	4,444	0	(3,785)	77	539
Balance at 31 March 2022	173,061	47,679	1,451	3,717	3,806	229,714
Accumulated Depreciation and Impairments						
Balance at 1 April 2021	(5,400)	(28,099)	0	0	0	(33,500)
Depreciation Charge	(7,117)	(5,871)	0	74	0	(12,914)
Depreciation written out to the Revaluation Reserve	6,826	0	0	0	0	6,826
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	423	0	0	0	0	423
Derecognition-Disposals	622	8,903	0	0	0	9,525
Reclassification	4	0	0	(74)	0	(70)
Balance at 31 March 2022	(4,642)	(25,067)	0	0	0	(29,709)
Net Book Value						
Balance at 31 March 2021	166,324	20,321	0	5,325	4,762	196,732
Balance at 31 March 2022	168,419	22,612	1,451	3,717	3,806	200,005

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Note 11 Property, Plant and Equipment Continued

This table sets out the 2020/21 property, plant and equipment for the Police and Crime Commissioner Group.

Movements for 2020/21						
	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	183,254	41,751	0	5,491	4,000	234,496
Additions	5,530	4,942	2,147	4,407	0	17,026
Revaluation recognised in the Revaluation Reserve	(7,820)	0	0	0	(883)	(8,703)
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	(3,202)	0	0	0	0	(3,202)
Derecognition-Disposals	0	(3,464)	0	0	0	(3,464)
Reclassification	(6,038)	5,192	(2,147)	(4,573)	1,645	(5,921)
Balance at 31 March 2021	171,724	48,421	0	5,325	4,762	230,232
Accumulated Depreciation and Impairments						
Balance at 1 April 2020	(5,569)	(25,698)	0	0	0	(31,267)
Depreciation Charge	(8,576)	(5,788)	0	0	0	(14,364)
Depreciation written out to the Revaluation Reserve	6,982	0	0	0	44	7,025
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	1,277	0	0	0	0	1,277
Derecognition-Disposals	0	3,387	0	0	0	3,387
Reclassification	486	0	0	0	(44)	442
Balance at 31 March 2021	(5,400)	(28,099)	0	0	0	(33,500)
Net Book Value						
Balance at 31 March 2020	177,685	16,053	0	5,491	4,000	203,229
Balance at 31 March 2021	166,324	20,321	0	5,325	4,762	196,732

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Note 11 Property, Plant and Equipment Continued

This table sets out the 2021/22 property, plant and equipment for the Police and Crime Commissioner.

Movements for 2021/22						
	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	171,724	41,706	0	3,440	4,762	221,633
Additions	3,399	3,484	1,451	1,961	0	10,295
Revaluation recognised in the Revaluation Reserve	999	0	0	0	(1,033)	(34)
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(1,783)	0	0	0	0	(1,783)
Derecognition-Disposals	(1,081)	(7,331)	0	0	0	(8,412)
Reclassification	(197)	2,166	0	(1,683)	77	363
Balance at 31 March 2022	173,061	40,025	1,451	3,717	3,806	222,062
Accumulated Depreciation and Impairments						
Balance at 1 April 2021	(5,400)	(23,309)	0	0	0	(28,709)
Depreciation Charge	(7,117)	(4,662)	0	74	0	(11,705)
Depreciation written out to the Revaluation Reserve	6,826	0	0	0	0	6,826
Depreciation written out to the Surplus/Deficit on the Provision of Services	423	0	0	0	0	423
Derecognition-Disposals	622	7,253	0	0	0	7,875
Reclassification	4	1	0	(74)	0	(69)
Balance at 31 March 2022	(4,642)	(20,716)	0	0	0	(25,360)
Net Book Value						
Balance at 31 March 2021	166,324	18,398	0	3,440	4,762	192,924
Balance at 31 March 2022	168,419	19,309	1,451	3,717	3,806	196,702

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Note 11 Property, Plant and Equipment Continued

This table sets out the 2020/21 property, plant and equipment for the Police and Crime Commissioner.

Movements for 2020/21						
	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	183,253	35,578	0	3,977	4,000	226,808
Additions	5,530	4,472	2,147	4,036	0	16,186
Revaluation recognised in the Revaluation Reserve	(7,820)	0	0	0	(883)	(8,703)
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(3,202)	0	0	0	0	(3,202)
Derecognition-Disposals	0	(3,464)	0	0	0	(3,464)
Reclassification	(6,038)	5,120	(2,147)	(4,573)	1,645	(5,993)
Balance at 31 March 2021	171,724	41,706	0	3,440	4,762	221,632
Accumulated Depreciation and Impairments						
Balance at 1 April 2020	(5,568)	(22,078)	0	0	0	(27,646)
Depreciation Charge	(8,576)	(4,623)	0	0	0	(13,199)
Depreciation written out to the Revaluation Reserve	6,982	0	0	0	44	7,025
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,277	0	0	0	0	1,277
Derecognition-Disposals	0	3,387	0	0	0	3,387
Reclassification	486	6	0	0	(44)	448
Balance at 31 March 2021	(5,400)	(23,309)	0	0	0	(28,709)
Net Book Value						
Balance at 31 March 2020	177,685	13,500	0	3,977	4,000	199,162
Balance at 31 March 2021	166,324	18,397	0	3,440	4,762	192,923

11.1 Recognition

Expenditure on an individual item or a project or programme of work is capitalised when the following de-minimis levels are met:-

- Land and buildings £20k
- All other assets £20k

11.2 Surplus Assets

Three properties have been classed as Surplus Assets as at the 31 March 2022.

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Note 11 Property, Plant and Equipment Continued

11.3 Depreciation

A review of asset lives has taken place during 2021/22 and the useful life for some assets have been amended. The following useful lives and approaches to depreciation have been used to calculate the depreciation charges:

11.3.1 Land and Buildings

The asset lives for individual buildings are assessed by the valuer and are within the range of 5–55 years. Buildings are depreciated monthly over the forecast useful life of the asset.

11.3.2 Vehicles

Classes of vehicle are given specific asset lives. These are within the range 3-25 years. Vehicles are depreciated monthly over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered.

11.3.3 Information and Communications Technology (ICT)

Classes of ICT assets are given specific asset lives. These are within the range 3-10 years. ICT assets are depreciated monthly over the forecast useful life of the asset.

11.3.4 Plant and Equipment

Classes of plant and equipment assets are given specific asset lives these are within the range 3-10 years. These assets are depreciated monthly over the forecast useful life of the asset.

11.4 Significant Capital Commitments

The nature of capital expenditure is such that long lead times and significant programmes of work often result in slippage in incurring expenditure. The unspent capital funding in 2021/22 will be carried forward to meet the cost of future and ongoing schemes that were provided for in that year. As at 31 March 2022, significant capital commitments amounted to £6.062m.

11.5 Revaluations

Land and buildings are revalued by qualified external valuers, Vickery Holman (MRICS). A full valuation is undertaken every three years with a desktop exercise in between. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the updated professional standards of the Royal Institution of Chartered Surveyors. A desktop exercise was undertaken in 2021/22 with valuations and remaining useful lives provided as at 1 February 2022. A further assessment was undertaken to ascertain if the valuations had changed between the valuation date and 31 March 2022. One property increased by £249k as some external features had been replaced reducing the obsolescence value. The valuation of the properties has resulted in an overall increase of £2.885m.

11.6 Componentisation

Component assets are recognised separately from the main asset that they are associated with when the value of the component is more than 20% and greater than £2.5m of the main asset value. No assets have met the criteria in 2021/22.

11.7 Derecognition

An annual review of assets classed as Vehicles, ICT, and Plant and Equipment has been undertaken which has resulted in the derecognition of a number of assets that have reached the end of their useful lives or which have been disposed.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 12 Intangible Assets

All of the intangible assets held are ICT software and are recognised separately from the tangible asset with which they are associated. Where the value of the intangible asset is more than 25% of gross expenditure and greater than £100k of the main asset value.

2020/21		2021/22
Non-Operational Assets £'000		Non-Operational Assets £'000
	Balance at start of year	
4,327	Gross carrying amounts	4,184
(1,366)	Accumulated amortisation	(1,669)
2,961	Net carrying amount at start of year	2,515
476	Additions	659
0	Derecognition - Gross Value	(1,101)
(619)	Reclassification	(659)
0	Derecognition - Gross Amortisation	1,101
(303)	Amortisation for the period	(652)
0	Reclassification - Gross Amortisation	74
2,515	Net carrying amount at end of year	1,937
	Comprising:	
4,184	Gross carrying amounts	4,184
(1,669)	Accumulated Amortisation	(2,247)
2,515		1,937

12.1 Amortisation

All intangible assets are given a finite life, based on assessments of the period that the software is expected to be of use to the Group. Asset lives range from 3-10 years and the carrying amount is amortised on a straight-line basis.

12.2 Derecognition

An annual review of intangible assets has been undertaken which resulted in the derecognition of a number of assets that have reached the end of their useful lives or which were disposed during the year.

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Note 13 Capital Reserves

A description of these reserves can be found in the Adjustments between Accounting Basis and Funding Basis under Regulations Note.

	Capital Receipts Reserve	Capital Grants Unapplied	Total
	£'000	£'000	£'000
Balance at 1 April 2020	0	524	524
Disposal Costs	(173)	0	(173)
Financing of Fixed Assets	173	(1,512)	(1,339)
Capital Grants Received	0	988	988
Balance at 31 March 2021	0	0	0
Disposal Costs	(30)	0	(30)
Financing of Fixed Assets	0	928	0
Capital Grants Received	978	(928)	978
Balance at 31 March 2022	948	0	948
Net Movement for 2020/21	0	(524)	(524)
Net Movement for 2021/22	948	0	948

Note 14 Debtors

31 March 2021			31 March 2022		
Restated					
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
2,416	13,975	Central government bodies	3,569	18,392	
1,853	7,162	Other local authorities	5,062	10,627	
0	5,081	Other entities and individuals *	0	6,881	
4,269	26,218	Total Debtors	8,631	35,900	

* There has been a presentational change to this table. The National Health Service line which had a small balance in 2020/21 has been included in other entities and individuals.

Note 15 Cash and Cash Equivalents

31 March 2021			31 March 2022		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
30	30	Cash held by the Commissioner	31	31	
1,400	1,400	Bank operational current accounts	2,017	2,017	
8,088	8,088	Short-term deposits	4,676	4,676	
9,518	9,518	Total Cash and Cash Equivalents	6,724	6,724	

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Note 16 Assets Held for Sale

2020/21		2021/22
£'000		£'000
0	Balance at the 1 April	6,100
6,098	Assets newly classified as held for sale	0
2	Revaluation recognised in Revaluation Reserve	288
0	Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	54
6,100	Balance at the 31 March	6,442

Note 17 Creditors

31 March 2021			31 March 2022	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
(25)	(5,503)	Central government bodies	0	(6,036)
(2,816)	(6,975)	Other local authorities	(2,956)	(10,715)
(21)	(119)	National Health Service	(90)	(98)
(17)	(26,734)	Other entities and individuals	(2)	(24,342)
(2,879)	(39,331)	Total Creditors	(3,048)	(41,191)

The balance against other entities and individuals in the PCC Group includes accumulated absence creditors of £11,698k (2020/21 £12,109k).

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Note 18 Financial Instruments

18.1 Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet.

	Long Term		Current	
	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
Long-Term Assets				
Financial assets at amortised cost	490	218	0	0
Total Long-Term Assets	490	218	0	0
Investments (18.1.1)				
Fair value through profit or loss	0	0	18,157	21,125
Total Investments	0	0	18,157	21,125
Cash and Cash Equivalents (18.1.2)				
Amortised Cost	0	0	1,431	2,048
Fair value through profit or loss	0	0	8,087	4,676
Total Cash and Cash Equivalents	0	0	9,518	6,724
Debtors (Trade Receivables)				
Amortised Cost	0	0	3,207	2,392
Total included in Debtors	0	0	3,207	2,392
Long-Term Liabilities				
Financial liabilities at amortised cost	(490)	(218)	0	0
Total Long-Term Liabilities	(490)	(218)	0	0
Borrowings (18.1.3)				
Amortised Cost	(30,277)	(30,277)	(18,000)	(11,200)
Total Borrowings	(30,277)	(30,277)	(18,000)	(11,200)
Finance Lease				
Amortised Cost	(56)	0	(67)	(63)
Total Finance Lease	(56)	0	(67)	(63)
Creditors (Trade Payables)				
Amortised Cost	0	0	(14,294)	(12,612)
Total included in Creditors	0	0	(14,294)	(12,612)

18.1.1 Investments

Financial assets at fair value through profit and loss consist of deposits with external fund managers. These are valued by reference to quoted market price.

18.1.2 Cash and cash equivalents

Cash and cash equivalents consist of the bank current account, on call accounts and money market funds all of which are repayable at 24 hours' notice without penalty.

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Note 18 Financial Instruments Continued

18.1.3 Borrowing

All long-term borrowing was from the Public Works Loan Board, an executive agency of HM Treasury. Annual repayments are for interest only and the principal is repayable at the date of loan maturity.

All current borrowing was arranged from Local Authorities to cover short term fluctuations in cash.

18.2 Income, Expense, Gains and Losses

	2020/21 Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure £'000	2021/22 £'000
Net (gains)/losses on:		
Financial assets measured at fair value through profit and loss	(82)	(28)
Financial assets measured at amortised	1	6
Total net (gains)/losses	(81)	(22)
Interest revenue		
Financial assets measured at amortised	(88)	(40)
Total Interest revenue	(88)	(40)
Interest expense		
Financial liabilities at amortised cost	1,284	1,275
Total Interest expense	1,284	1,275

18.3 Fair Value of Financial Assets and Financial Liabilities

Financial liabilities and financial assets can be assessed by calculating the present value of the cash flow that will take place over the remaining term of the instruments, using the following assumptions:

- The fair value balances for financial assets as at 31 March 2022 have been calculated using interest rates in force and with reference to quoted markets where appropriate as at 31 March 2021 and 2022.
- The long-term borrowing as at 31 March 2021 and 31 March 2022 have been calculated by reference to market interest rates.
- The fair value of trade receivables and payables is taken to be the invoiced or the billed amount.
- The fair value of the finance lease liabilities have been calculated by reference to AA-rated corporate bond yields for use as discount rates.
- Level 1 input has been used to measure the fair value of the financial assets which uses quoted prices in active markets for identical assets as a basis of valuation.
- Level 2 input has been used to measure the fair value of the financial liabilities.

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Note 18 Financial Instruments Continued

	31 March 2021 Restated Carrying Amount £'000	31 March 2021 Restated Fair Value £'000	31 March 2022 Carrying Amount £'000	31 March 2022 Fair Value £'000
Financial Assets				
Long Term Debtor *	490	490	218	218
Investments				
Investments held at FVPL	0	18,157	0	21,125
Cash and cash equivalents				
Investments held at Amortised Cost	1,431	1,431	2,048	2,048
Investments held at FVPL	0	8,087	0	4,676
Debtors (Trade Receivables)	3,207	3,207	2,392	2,392
	5,128	31,372	4,658	30,459
	31 March 2021 Restated Carrying Amount £'000	31 March 2021 Restated Fair Value £'000	31 March 2022 Carrying Amount £'000	31 March 2022 Fair Value £'000
Financial Liabilities				
Long Term Liabilities *	(490)	(490)	(218)	(218)
Short Term Borrowing	(18,000)	(18,000)	(11,200)	(11,204)
Long Term Borrowing	(30,277)	(38,795)	(30,277)	(34,865)
Creditors (Trade Payables)	(14,294)	(14,294)	(12,612)	(12,612)
Finance Lease	(123)	(123)	(63)	(63)
	(63,184)	(71,702)	(54,370)	(58,962)

* This table has been updated to include the long term debtor and long term liabilities.

18.4 Nature and extent of risks arising from financial instruments

The Police and Crime Commissioner's activities expose it to a variety of financial risks, including:

- credit risk the possibility that other parties might fail to pay amounts due to the Police and Crime Commissioner.
- liquidity risk the possibility that the Police and Crime Commissioner might not have funds available to meet its commitments to make payments
- market risk the possibility that financial loss may arise for the Police and Crime Commissioner as a result of changes in such measures as interest rates and stock market movements.

The Police and Crime Commissioner's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Treasury Team in consultation with Arlingclose (Treasury Advisors), under policies approved by the Police and Crime Commissioner in the Treasury Management Strategy. The Police and Crime Commissioner provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

18.4.1 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Police and Crime Commissioner's customers.

This risk is minimised through the Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Treasury Management Strategy also imposes a maximum sum to be invested with a financial institution located within each category. The credit criteria in respect of financial assets held by the Police and Crime Commissioner are contained within the

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Note 18 Financial Instruments Continued

Treasury Management Strategy which is published on the Police and Crime Commissioner website. The Police and Crime Commissioner exposure to credit risk is an average credit rating of A+.

18.4.2 Credit Risk Management Practices

The Police and Crime Commissioner's credit risk management practices are set out in the Treasury Management Strategy.

For 2021/22, a 0.73% loss allowance of trade receivables has been calculated as well as the 12 month expected credit loss on investments held with banks.

The changes in the loss allowance during the year are as follows:

Amounts Arising from Expected Credit Losses		12 month expected credit losses £'000
Interest revenue		1
Financial assets measured at amortised cost		62
Total loss allowance		63

18.4.3 Liquidity Risk

The Police and Crime Commissioner has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Police and Crime Commissioner has ready access to borrowings from the money markets, the Public Works Loan Board and Local Authorities. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Police and Crime Commissioner will be bound to replenish a significant proportion of its borrowing at a time of unfavourable interest rates.

The maturity analysis of borrowing held as at 31 March 2022 is shown in the long term borrowing note.

At 31 March 2022 the Police and Crime Commissioner held £8.804m (31 March 2021 £10.6m) in on-call and money market fund accounts to manage short term liquidity requirements.

18.4.4 Market Risk

18.4.4.1 Interest Rate Risk

The Police and Crime Commissioner is exposed to risk in terms of interest rate movements on investments. Movements in interest rates have a complex impact on the Police and Crime Commissioner. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates the fair value of the liabilities borrowings will fall
- investments at variable rates the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Police and Crime Commissioner manages interest rate risk by setting indicators to control the exposure. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

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Note 18 Financial Instruments Continued

The Treasurer assesses interest rate exposure that feeds into the setting of the annual budget, and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

All borrowing held at 31 March 2022 is with fixed interest rates. All investments held have variable rates. If interest rates had been 1% higher with all other variables held constant, the financial effect on interest receivable on investments would be £89k. This would have an impact on the Surplus or Deficit on the Provision of Services. The impact of 1% fall in interest rates would be as above but with the movements being reversed.

18.4.4.2 Price Risk

The Police and Crime Commissioner is exposed to price risk in terms of movement in the value of pooled investments and financial assets valued at fair value through profit and loss. Controls for this exposure is set out in the Treasury Management Strategy.

Note 19 Provisions

2021/22	Insurance £'000	Remuneration £'000	Other £'000	Total £'000
Current Liabilities				
Balance at 1 April 2021	(641)	(539)	(328)	(1,508)
Additional provisions made	(1,356)	(66)	(22)	(1,444)
Amounts used/reversed	444	106	328	878
Balance at 31 March 2022	(1,553)	(499)	(22)	(2,074)
Long Term Liabilities				
Balance at 1 April 2021	(887)	0	0	(887)
Additional provisions made	(87)	0	0	(87)
Amounts used	28	0	0	28
Balance at 31 March 2022	(946)	0	0	(946)
Total Provisions Balance	(2,499)	(499)	(22)	(3,020)

2020/21	Insurance £'000	Remuneration £'000	Other £'000	Total £'000
Current Liabilities				
Balance at 1 April 2020	(257)	(436)	(328)	(1,021)
Additional provisions made	(876)	(111)	0	(987)
Amounts used	492	8	0	500
Balance at 31 March 2021	(641)	(539)	(328)	(1,508)
Long Term Liabilities				
Balance at 1 April 2020	(806)	0	0	(806)
Additional provisions made	(186)	0	0	(186)
Amounts used	105	0	0	105
Balance at 31 March 2021	(887)	0	0	(887)
Total Provisions Balance	(1,528)	(539)	(328)	(2,395)

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Note 19 Provisions Continued

19.1 Insurance Provision

Police and Crime Commissioner is uninsured for the first £0.5m of the majority of individual public and employer's liability claims up to a total stop loss of £2.75m for claims. The insurance provision is to cover any claims from 2021/22 and previous years. The payments from the provision are expected to be made over the next five years. An assessment of liabilities as at 31 March 2022 has been undertaken and the provision has been increased to a level estimated to be sufficient to meet all the forecast obligations.

19.2 Remuneration Provision

19.2.1 Contractual pay claims

The current level of the provision is estimated to be sufficient to meet known claims. These payments are expected to be made in 2021/22.

19.2.2 Employment termination benefits

Judgements are applied in determining the level of the redundancy provision.

19.3 Other Provisions

In 2020/21 a provision was made for the compensation of the originating claimants regarding the public service pension scheme reform. This provision has been removed in 2021/22 as the compensation will be paid by the Home Office.

Note 20 Unusable Reserves

31 March 2021		31 March 2022
£'000	Note	£'000
44,630	20.1 Revaluation Reserve	49,270
82	20.2 Pooled Investment Fund Adjustment Account	110
93,624	20.3 Capital Adjustment Account	90,147
(4,275,361)	20.4 Pensions Reserve	(4,183,799)
(946)	20.5 Collection Fund Adjustment Account	2,087
(12,109)	20.6 Accumulated Absences Account	(11,698)
(4,150,080)	Total Unusable Reserves	(4,053,883)

20.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Police and Crime Commissioner arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

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Note 20 Unusable Reserves Continued

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2020/21		Revaluation Reserve	2021/22	
£'000	£'000		£'000	£'000
	52,691	Balance at 1 April		44,630
	(1,678)	Upward/(Downward) revaluation of assets and impairment losses not posted to the Surplus/Deficit on the Provision of Services		7,136
(3,381)		Difference between fair value depreciation and historical cost depreciation	(2,328)	
(3,002)		Accumulated gains on assets sold or scrapped	(168)	
	(6,383)	Amount written off to the Capital Adjustment Account		(2,496)
	44,630	Balance at 31 March		49,270

20.2 Pooled Investment Fund Adjustment Account Reserve

The Pooled Investment Fund Adjustment Account Reserve contains the gains and losses made by the Police and Crime Commissioner arising from changes in the value of investments in pooled funds.

2020/21		Pooled Investment Fund Adjustment Account	2021/22	
Restated £'000	£'000		£'000	£'000
	34	Balance at 1 April		82
82		Upward revaluation of investments	110	
(34)		Gain/(loss) on derecognition of investment *	(82)	
	48			28
	82	Balance at 31 March		110

* The change in presentation of this table is to allow direct comparison to the Comprehensive Income and Expenditure Statement.

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Note 20 Unusable Reserves Continued

20.3 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Police and Crime Commissioner as finance for the costs of acquisition, construction, and enhancement. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2020/21 £'000	Capital Adjustment Account	2021/22 £'000
89,352	Balance at 1 April	93,624
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(14,365)	• Charges for depreciation and impairment of non-current assets	(12,914)
(1,925)	• Revaluation losses on Property, Plant and Equipment	(1,289)
(303)	• Amortisation of intangible assets	(652)
(95)	• Revenue expenditure funded from capital under statute	(13)
96	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	413
(16,592)		(14,455)
6,383	Adjusting amounts written out of the Revaluation Reserve	2,496
(10,209)	Net written out amount of the cost of non-current assets consumed in the year	(11,959)
	Capital Financing applied in the year:	
0	• Transfer of sale proceeds to the Capital Receipts Reserve and application to finance capital expenditure and disposal costs	(948)
1,512	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	941
1,761	• Statutory provision for the financing of capital investment charged against the General Fund balances	2,395
11,208	• Capital expenditure charged against the General Fund balances	6,094
14,481		8,482
93,624	Balance at 31 March	90,147

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Note 20 Unusable Reserves Continued

20.4 Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Police and Crime Commissioner accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Police and Crime Commissioner makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Police and Crime Commissioner has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21		Pension Reserve	2021/22	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(3,321,742)	(3,321,742)	Balance at 1 April	(4,275,361)	(4,275,361)
(951,028)	0	Intra-Group Adjustments	92,254	0
(2,191)	(886,848)	Remeasurements of the net defined benefit liability/(asset)	(38)	211,679
(610)	(161,906)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(895)	(225,521)
210	95,135	Employer's pensions contributions and direct payments to pensioners payable in the year	241	105,404
(4,275,361)	(4,275,361)	Balance at 31 March	(4,183,799)	(4,183,799)

20.5 Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2020/21 £'000	Collection Fund Adjustment Account	2021/22 £'000
2,033	Balance at 1 April	(946)
(2,979)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	3,033
(946)	Balance at 31 March	2,087

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Note 20 Unusable Reserves Continued

20.6 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2020/21		Accumulated Absences Account	2021/22	
PCC £'000 (12)	PCC Group £'000 (9,431)		PCC £'000 (17)	PCC Group £'000 (12,109)
		Balance at 1 April		
12	9,431	Settlement or cancellation of accrual made at the end of the preceding year	17	12,109
(17)	(12,109)	Amounts accrued at the end of the current year	(3)	(11,698)
(5)	(2,678)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	14	411
(17)	(12,109)	Balance at 31 March	(3)	(11,698)

The increase in 2020/21 can be explained by officers and staff carrying forward more leave than in previous years, likely due to the COVID-19 pandemic. Although there has been a reduction, the balance as at 31 March 2022 remains high and above pre-pandemic levels.

Note 21 Cash Flow Statement - Operating Activities

2020/21 £'000		2021/22 £'000
(18,152)	Net cash receipts/(payments) from operating activities excluding interest receipts and payments	(6,913)
88	Interest received	40
(1,284)	Interest paid	(1,275)
(19,348)	Net cash flows from operating activities	(8,148)

Note 22 Cash Flow Statement - Investing Activities

2020/21 £'000		2021/22 £'000
18,468	Purchase of property, plant and equipment, investment property and intangible assets	8,860
12,660	Net movement in short-term and long term investments	14,200
(173)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(978)
30,955	Net cash flows from investing activities	22,082

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Note 23 Cash Flow Statement – Financing Activities

2020/21		2021/22
£'000		£'000
(18,000)	Cash receipt of short term borrowing	(11,200)
43	Cash payments to reduce finance lease liabilities	60
(17,957)	Net cash flows from financing activities	(11,140)

Note 24 External Audit Costs

The Police and Crime Commissioner has incurred the following costs in relation to the audit of the Statement of Accounts:

2020/21			2021/22	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
43	65	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	48	70
43	65		48	70

The 2020/21 fee has been approved, by the Public Sector Audit Appointments (PSAA); the body responsible for appointing the auditors. The 2021/22 figures have been updated to show the approved fees. This information was received after the publication of the draft accounts.

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Note 25 Officers' Remuneration

25.1 Remuneration

This note shows the officer remuneration costs for officers and staff employed by the Office of the Police and Crime Commissioner and the Chief Constable above the rank of Superintendent and the staff equivalent. The Police and Crime Commissioner (PCC) is excluded from this note and shown within the Office of the Police and Crime Commissioner Cost note.

2021/22	Note	Salary, Fees and Allowances £	Bonuses, Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
Office of the Police & Crime Commissioner							
Salary £50,000 to £149,999 per year							
OPCC Chief Executive		113,259	0	0	113,259	18,461	131,720
OPCC Chief Financial Officer		101,337	0	0	101,337	16,518	117,855
Chief Constable							
Salary £150,000 plus per year							
Chief Constable - Shaun Sawyer		181,668	0	4,726	186,394	0	186,394
Salary £50,000 to £149,999 per year							
Deputy Chief Constable (Seconded to Home Office) to 30/04/21	2	35,325	0	0	35,325	0	35,325
T/Deputy Chief Constable 01/04/21 to 11/07/21 - Assistant Chief Constable from 12/07/21	2	138,617	0	0	138,617	38,803	177,420
Assistant Chief Constable		132,164	300	0	132,464	36,958	169,422
T/Assistant Chief Constable 01/04/21 to 30/09/21 - Chief Superintendent 01/10/21 to 31/01/22 – Assistant Chief Constable from 01/02/22		111,784	0	0	111,784	33,523	145,307
Assistant Chief Constable to 11/07/21 - Deputy Chief Constable from 12/07/21	2	144,352	0	434	144,786	41,711	186,497
T/Assistant Chief Constable to 31/01/22 - Chief Superintendent from 01/02/22		116,023	0		116,023	32,014	148,037
Chief Superintendent		93,774	0	0	93,774	28,442	122,216
Assistant Chief Officer - People		120,362	4,467	0	124,829	18,021	142,850
Director of Legal Services	1	123,059	4,467	974	128,500	18,461	146,961
Chief Financial Officer (Director of Finance and Resources)		123,059	4,467	0	127,526	18,461	145,987
Chief Superintendent to 18/01/22		74,831	500	0	75,331	22,270	97,601
Chief Superintendent (Seconded to MET) from 19/01/22	4	19,449	0	0	19,449	5,727	25,176
Chief Superintendent to 05/09/21 - Assistant Chief Constable from 06/09/21		104,858	0	0	104,858	30,642	135,500
Chief Superintendent		93,618	0	0	93,618	28,050	121,668
Chief Superintendent		94,026	0	0	94,026	28,442	122,468
Chief Superintendent		92,145	500	0	92,645	27,964	120,609
Chief Superintendent		92,069	500	0	92,569	28,039	120,608
Chief Superintendent from 01/09/21		52,314	0	0	52,314	14,049	66,363

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Note 25 Officers' Remuneration Continued

2021/22	Note	Salary, Fees and Allowances £	Bonuses, Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
Chief Constable							
Salary £50,000 to £149,999 per year							
Chief Superintendent from 05/07/21		65,440	0	0	65,440	19,931	85,371
Chief Superintendent - 26/04/21 to 31/01/22		67,422	0	0	67,422	20,901	88,323
Chief Superintendent - 01/09/21 to 31/01/22		36,780	0	0	36,780	11,234	48,014
Chief Superintendent from 03/01/22		23,087	0	0	23,087	6,958	30,045

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Note 25 Officers' Remuneration Continued

2020/21	Note	Salary, Fees and Allowances £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<u>Office of the Police & Crime Commissioner</u>							
<u>Salary £50,000 to £149,999 per year</u>							
OPCC Chief Executive		112,539	0	0	112,539	18,071	130,610
OPCC Chief Financial Officer		100,308	0	0	100,308	16,169	116,477
<u>Chief Constable</u>							
<u>Salary £150,000 plus per year</u>							
Chief Constable - Shaun Sawyer		179,859	0	4,726	184,585	17,385	201,970
<u>Salary £50,000 to £149,999 per year</u>							
Deputy Chief Constable from 01/04/20 to 26/11/20	2	103,105	0	0	103,105	30,024	133,129
Deputy Chief Constable (Seconded to Home Office) from 27/11/20	3	52,502	0	0	52,502	0	52,502
Assistant Chief Constable to 08/11/20 - Deputy Chief Constable from 09/11/20		136,383	0	259	136,642	38,110	174,752
Assistant Chief Constable from 02/11/20		54,701	0	0	54,701	15,297	69,998
Assistant Chief Constable		108,574	0	0	108,574	32,403	140,977
Assistant Chief Constable to 07/04/20		11,843	0	0	11,843	701	12,544
Assistant Chief Constable		126,534	0	1,289	127,823	36,188	164,011
Chief Superintendent to 30/11/20 - Assistant Chief Constable from 01/12/20		103,114	0	0	103,114	28,153	131,267
Assistant Chief Constable to 31/10/20 - Chief Superintendent from 01/11/20		103,646	0	0	103,646	27,479	131,125
Assistant Chief Officer - People		112,871	4,467	0	117,338	16,621	133,959
Director of Legal Services	1	121,909	4,467	2,999	129,375	18,071	147,446
Director of Finance & Resources		121,909	4,467	0	126,376	18,071	144,447
Chief Superintendent		90,354	0	0	90,354	26,885	117,239
Chief Superintendent		87,931	0	0	87,931	26,902	114,833
Chief Superintendent		90,592	0	0	90,592	26,971	117,563
Chief Superintendent from 01/12/20 to 31/03/21		29,386	0	0	29,386	8,564	37,950
Chief Superintendent to 31/05/20		14,620	0	773	15,393	4,532	19,925
Chief Superintendent		92,662	0	0	92,662	27,731	120,393
Chief Superintendent		88,945	0	0	88,945	26,833	115,778
Chief Superintendent to 31/05/20		19,989	0	0	19,989	4,625	24,614
Chief Superintendent		90,294	0	0	90,294	26,954	117,248
Chief Superintendent to 04/10/20		47,917	0	0	47,917	14,238	62,155

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 25 Officers' Remuneration Continued

25.1.1 Notes

1. The Director of Legal Services provides a service to Devon and Cornwall Police and Dorset Police. The contract of employment is with Devon and Cornwall Police and for this reason the remuneration disclosure is made in the Statement of Accounts for Devon and Cornwall Police. Dorset Police meets a proportion of the costs of this post.
2. The Deputy Chief Constables for Devon and Cornwall Police and Dorset Police provide specific services across both forces. Their employment and associated costs are disclosed within the Statement of Accounts for each of their respective forces.
3. The costs of the Deputy Chief Constable seconded to the Home Office have been met by the Home Office from 27/11/2020 to 30/04/2021.
4. The costs of the Chief Superintendent seconded to the Metropolitan Police have been met by the Metropolitan Police.

25.2 Group Termination Costs

The total termination costs (exit costs) shown in the table below are the payments made to individuals plus payments to recompense the pension fund for the strain calculated on an actuarial basis in 2020/21 and 2021/22. They relate to staff employed by the Group. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of cost with Dorset Police. The adjustments are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £'000	2021/22 £'000
£0 – £20,000	0	0	17	6	17	6	195	23
£20,001 - £40,000	0	0	2	0	2	0	58	0
£40,001 - £60,000	0	0	5	0	5	0	244	0
£60,001 - £80,000	0	0	3	0	3	0	213	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001- £160,000	0	0	0	2	0	2	0	280
Total included in bandings and in CIES	0	0	27	8	27	8	710	303
Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement								
Redundancy cost recharged to Dorset Police as part of Strategic Alliance agreement							(3)	0
Redundancy cost recharged from Dorset Police as part of Strategic Alliance agreement							0	3
Exit Costs charged to the Comprehensive Income and Expenditure Statement							707	306

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 25 Officers' Remuneration Continued

25.3 Remuneration Bands

The figures presented below do not include the remuneration of the senior employees and relevant police officers as they have been disclosed separately but do include other police staff and police officers remuneration.

2020/21 Number of employees	Remuneration Band	2021/22 Number of employees
319	£50,000 - £54,999	457
209	£55,000 - £59,999	280
56	£60,000 - £64,999	119
26	£65,000 - £69,999	36
16	£70,000 - £74,999	16
7	£75,000 - £79,999	17
8	£80,000 - £84,999	8
7	£85,000 - £89,999	8
0	£90,000 - £94,999	0
1	£95,000 - £99,999	1
0	£100,000 - £104,999	1
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	1
649	Total	944

The above table does not include staff and officers paid below £50,000 who make up approximately 85% of the workforce.

Pay scales for police officers are set nationally.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 26 Grant Income

The Police and Crime Commissioner Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

2020/21 Restated £'000		2021/22 £'000
	Credited to Taxation and Non Specific Grant Income	
(179,459)	Police Grant	(190,771)
(15,461)	Council Tax Support Grants	(15,461)
(988)	Recognised Capital Grant and Contributions	(941)
(195,908)	Total	(207,173)
	Credited to Services	
(3,628)	Commissioning	(3,602)
(9,174)	Projects *	(3,565)
(3,865)	Other Local Grants	(4,378)
(3,262)	Pension Support Grant *	(3,262)
(1,107)	Digital Apprenticeship Levy *	(4,357)
(1,905)	G7 Summit 2021 *	(40,281)
(22,942)	Total	(59,445)
	Credited to Other Operating Income and Expenditure	
(44,545)	Pensions Top Up Grant	(53,419)
	Donated Inventories Account	
(93)	Donation of PPE stock	0
(263,488)	Total Grant Income	(320,037)

* The presentation of this table has been changed to allow direct comparison to the Expenditure and Funding Analysed by Nature Note.

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations

27.1 Related Party Transactions

The Police and Crime Commissioner is required to disclose material transactions with related parties, including the Chief Constable, central government, other local authorities, members, senior officers and their close families.

27.1.1 Central Government

The United Kingdom Government has effective control over the general operations of the Police and Crime Commissioner. It is responsible for providing the statutory framework within which the Police and Crime Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Police and Crime Commissioner has with other parties (e.g. council tax bills). Grants received from government departments are set out in the Grant Income Note. Outstanding balances are set out in the Debtors and Creditors Notes.

27.1.2 Independent Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all members explaining the need for disclosure. Independent Officers' interests are also publicly reported on the Police and Crime Commissioner's website. No relevant transactions have been reported.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

27.1.3 Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all senior officers explaining the need for disclosure. The Director of Finance and Resources represents the Chief Constable as a trustee of the Museum of Policing in Devon and Cornwall (MoPiDaC). No remuneration is received by the Director and MoPiDaC is not recognised in the accounts beyond force contributions to support its activities. The Director is also a member of the South West Audit Partnership (SWAP) that supplies internal audit services to the Force. In order to receive the services, Forces have to nominate a member. No personal benefit is received by the Director of Finance and Resources from these arrangements.

The Assistant Chief Officer (People) is a non-executive director on the College of Policing Board. The Board position is reserved for a member of police staff and no remuneration is received.

27.2 Commissioning and Partnerships

There are a number of partnerships in which the Police and Crime Commissioner participates. These are arrangements where the Police and Crime Commissioner carries out activities relevant to its own functions jointly with others. For a number of the partnerships a formal partnership agreement is in place. The Police and Crime Commissioner accounts only for its share of the jointly controlled assets, liabilities and expenses that it incurs in relation to partnership activities. The most significant partnerships are shown in the table below.

2020/21			2021/22		
Expenditure £'000	Income £'000	Notes	Expenditure £'000	Income £'000	
					OPCC Commissioning and Partnerships
1,618	(1)	1	1,577	0	Community Safety Partnership
501	0	2	501	0	Youth Offending Teams and Services
678	(243)	3	728	(202)	Sexual Assault Referral Centres
100	0	4	0	0	Small Grants and Other Costs
2,590	(2,704)	5	3,554	(3,234)	Victim Services and Restorative Justice
1,881	(921)	6	481	(374)	Other Local Grants and Expenditure
396	(3)	7	0	0	Safer Streets Fund
0	0	8	206	(5)	Safe Summer Scheme
0	0	9	528	0	PCC's Impact Scheme
0	0	10	263	0	PCC's Community Grant Scheme
0	0		68	0	Transfer to/(from) Reserves
7,764	(3,872)		7,906	(3,816)	Outturn Total
0	0		(68)	0	Reverse Transfer to/(from) Reserves
7,764	(3,872)		7,838	(3,816)	CIES Total
					Other Partnerships
2,602	(2,602)		2,480	(2,480)	Vision Zero South West

Full details of the Police and Crime Commissioner's future plans and intentions with regard to commissioning and partnerships can be found in the Commissioning Intentions Plan and the Police and Crime Plan on the OPCC website.

The funding mechanisms for partnerships are complex, and the table above shows expenditure that has passed through the Police and Crime Commissioners accounts. There are no significant jointly controlled assets or liabilities as at 31 March 2022.

27.2.1 Community Safety Partnership

The Community Safety Partnership includes the Police and Crime Commissioner, Local Authorities, Fire and Rescue Service, Clinical Commissioning Groups, Public Health, Probation Service and the Youth Offending Service. The aim of the partnership is to work together to enable people to feel and be safe in their homes and communities.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

27.2.2 Youth Offending Teams and Services

The Youth Offending Team and Services is funded by a combination of government grants, and contributions from the Police and Crime Commissioner, Local Authorities, Clinical Commissioning Groups and the National Probation Service. The initiative provides programmes for young people with the intention of preventing re-offending.

27.2.3 Sexual Assault Referral Centres

The Sexual Assault Referral Centres (SARCS) are funded by a combination of government grants, partnership grants and contributions from the Police and Crime Commissioner. The centres are set up in safe locations, where victims of sexual assault can receive medical care and counselling. Referral centres bring together all agencies and departments in one place, which helps both the victims and those investigating the crimes.

27.2.4 Small Grants and Other Costs

Small grants scheme partnership includes the Police and Crime Commissioner and Community groups in Devon and Cornwall. The aim of this grant is to help small community groups whose work focuses on reducing crime and making people feel safer.

27.2.5 Victim Services and Restorative Justice

The Ministry of Justice provide an annual Victim Services Grant to deliver services that help victims of crime. Engagement fees are provided to 60+ organisations who provide practical and emotional support to victims of crime, no matter whether or not they report the crime to police.

27.2.6 Other Local Grants and Expenditure

Other expenditure and grants are provided to a range of services/organisations who support delivery of the Police and Crime Plan.

27.2.7 Safer Streets Fund

In 20/21 the Safer Streets Fund was a £25 million fund from the Home Office available to PCC's in England and Wales. Devon and Cornwall OPCC work with Plymouth City Council and other partners to deliver local crime prevention plans with the outcome of reducing acquisitive crime including burglary and theft through situational prevention. The money was invested in a small defined area in Plymouth called North Stonehouse which is persistently and disproportionately affected by acquisitive crime. The funding was invested in well evidenced preventative measures such as CCTV, street lighting and dwelling security improvements.

27.2.8 Safe Summer Scheme

In 2020/21 the Police and Crime Commissioner made up to £500k available to support specific measures for use in containing alcohol related ASB over the summer period. As the 'lockdown' period was slowly being lifted, it was anticipated that socialising in 'informal settings' would continue to be a feature of the summer. 20 hot-spot locations were identified for investment in order to provide additional support and greater assurance to the community. This was additional activity on top of the significant summer policing plans that were put in place with an additional focus on key beaches and waterfront spaces. A similar approach was taken for the summer of 2021/22 with £350k being made available but was focused on helping to prevent ASB by young people in public spaces as well as additional support for hotspot locations.

27.2.9 PCC's Impact Scheme

The PCC's Impact Scheme supports the Commissioner by identifying and funding services, projects and approaches which help the Commissioner to deliver the Police and Crime Plan for its duration. It is a scheme which mirrors the strategic intentions of the Police and Crime Plan. Seeking longer term impact in local areas by offering a degree of sustainability, durability and a shared commitment to achieving impact through commissioning.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

27.2.10 PCC's Community Grant Scheme

The PCC's Community Grant scheme supports shorter term funding that directly impacts communities. Grants are administered for one year only. These grants can be used to support the setup of a pilot project which helps evidence proof of concept and community impact or fund a one-off purchase such as CCTV or seed funding for a safer town or a community watch scheme. The scheme is not aimed at longer term funding so if projects or services become successful they would need to apply for funding from the PCC's Impact Scheme or become involved in a full open procurement process which they could readily bid for.

27.2.11 Vision Zero South West

The Peninsular Road Safety Partnership was replaced with the Vision Zero South West Road Safety Partnership with effect from 9 August 2021. The partnership is a collaborative arrangement between a number of local organisations (including Highways England, Councils and Fire and Rescue organisations from across the force area), and governance is provided by a Partnership Governance Board.

27.3 Collaborations

The Police and Crime Commissioner's Group have signed up to a number of joint operations. This involves joint working with specified Police Forces as part of a collaborative agreement. Part of the joint arrangement is to share control and have rights to net assets. Only significant partnerships are disclosed. The table shows the regional activities.

2020/21		Notes	Joint Operation	2021/22	
Expenditure	£'000			Expenditure	£'000
1,155		1	South West Regional Special Branch	1,113	
6,652		2	South West Regional Forensics Services	6,949	
515		3	South West Police Procurement Services	482	
3,200		4	South West Regional Organised Crime Unit (ROCU)	3,599	
458		5	South West Regional Programme	407	
32		6	South West Disaster Victim Identification & Casualty Bureau Co-ordination	28	
12,012				12,578	

27.3.1 South West Regional Special Branch

South West Regional Special Branch is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. Each Force has a committed number of staff who are based within their own Force area but work on behalf of the four Forces. The Force cost for the year was £1,113k. The total cost of £3,851k is split on a percentage basis, with Dorset Police contributing 23.9%, Avon and Somerset contributing 28.4%, Wiltshire Police contributing 18.8% and Devon and Cornwall contributing 28.9%.

27.3.2 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. There are bases in all four Forces, with each Force employing a number of staff. The Force cost for the year was £6,949k. Most of the £22,089k total cost is split on a percentage basis, with Dorset contributing 18.7%, Avon and Somerset contributing 36.6%, Wiltshire contributing 14.2% and Devon and Cornwall contributing 30.5%.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

27.3.3 South West Police Procurement Services

South West Police Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police, Dorset Police and from 1 May 2021, Avon and Somerset Police. Staff are employed by Devon and Cornwall Police and based across the region. The Force cost for the year was £482k. Most of the £1,475k total cost is split on a percentage basis with Dorset contributing 13.94%, Wiltshire Police contributing 12.33%, Gloucestershire Police contributing 12.24%, Devon and Cornwall contributing 32.65% and Avon and Somerset contributing 28.84%.

27.3.4 South West Regional Organised Crime Unit (ROCU)

South West ROCU is a partnership with Dorset Police, Wiltshire Police, Gloucestershire Police and Avon and Somerset Police as the lead Force. Staff are employed by each partnering Police Force based within one of two hubs (North and South). The Force cost for the year was £3,599k. The total cost of £11,314k is split on a percentage basis with Dorset Police contributing 13.49%, Devon and Cornwall contributing 31.81%, Wiltshire contributing 12.08%, Gloucestershire contributing 11.94% and Avon and Somerset contributing 30.68%.

27.3.5 South West Regional Programme

The South West Regional Programme is a partnership with Dorset Police, Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects. Costs are shared with the Forces that are involved in each project. The Force cost for the year was £407k. The total cost of £1,279k is split on a percentage basis with Dorset Police contributing 13.49%, Devon and Cornwall contributing 31.81%, Wiltshire contributing 12.08%, Gloucestershire contributing 11.94% and Avon and Somerset contributing 30.68%.

27.3.6 South West Disaster Victim Identification (DVI) and Casualty Bureau (CB) Co-ordination

The South West Disaster Victim Identification and Casualty Bureau Co-ordination is a partnership with Dorset Police, Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The co-ordination consists of a small team that are ready to respond to a DVI/CB event. Costs are shared with the Forces that are involved in each project. The Force cost for the year was £28k. The total cost of £89k is split on a percentage basis with Dorset Police contributing 13.49%, Devon and Cornwall contributing 31.81%, Wiltshire contributing 12.08%, Gloucestershire contributing 11.94% and Avon and Somerset contributing 30.68%.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

27.4 Other Public Bodies

Precept Income

Most of the revenue to pay for the costs of policing comes from government grants co-ordinated nationally. District councils, borough councils and unitary authorities collect the balance by charging their council tax payers a police precept.

The amounts collected (adjusted for surpluses or shortfalls collected for previous years) are shown below.

31 March 2021		31 March 2022
£'000	Billing Authority	£'000
13,453	East Devon	14,587
8,428	Exeter	8,956
6,527	Mid Devon	6,671
7,728	North Devon	8,238
16,691	Plymouth	17,378
8,590	South Hams	9,032
9,967	Teignbridge	11,374
11,670	Torbay	10,511
5,430	Torridge	5,670
4,540	West Devon	4,781
44,052	Cornwall	46,016
282	Isles of Scilly	286
137,358		143,500
(2,979)	Adjusted for accruals	3,033
134,379		146,533

Pension Administration

The Police and Crime Commissioner purchases the pension administration services from Devon County Council. Transactions within the pension fund are shown in the Defined Benefit Pension Schemes Note. Outstanding balances with other public bodies are shown in the Debtors and Creditors Notes.

Note 28 Contingent Liabilities

28.1 Financial Guarantee

The Police and Crime Commissioner has along with all other Police and Crime Commissioner's provided a financial guarantee for the Police ICT Company amounting to £124k.

28.2 Pension Guarantee

The Police and Crime Commissioner has along with all other Police and Crime Commissioner's provided a pension guarantee of £21k for the APCC pension fund which is currently held by Merseyside Local Government Pension Scheme.

28.3 Compensation Claims

Claimants have lodged claims for compensation regarding the public service pension scheme reform. Claims considered as part of the first tranche will be covered by the Home Office and the provision made in 2020/21 removed from the 2021/22 accounts. The Group have been made aware of further claims, but the exact number has not been confirmed and therefore no liability in respect of these compensation claims is recognised in the accounts.

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Note 29 Capital Expenditure and Financing

Within the four-year financial planning model, the Police and Crime Commissioner approves an annual capital programme to provide buildings, vehicles and other equipment for the Force. The report below shows what was spent and how the spending was financed.

2020/21			2021/22	
PCC Restated £'000	PCC Group Restated £'000		PCC £'000	PCC Group £'000
64,532	64,532	Opening Capital Financing Requirement	67,477	67,477
		Capital Investment:		
7,677	7,677	Land and buildings	4,850	4,850
3,487	3,487	Vehicles and Other Transport	1,633	1,633
5,021	5,862	Equipment and ICT	3,811	4,338
476	476	Intangible Assets	659	659
95	95	Revenue Expenditure Funded from Capital under Statute	13	13
16,756	17,597		10,966	11,493
		Less Sources of Finance:		
(1,512)	(1,512)	Government Grants	(941)	(941)
(173)	(173)	Capital Receipts	0	0
(10,367)	(11,208)	Reserves *	(5,566)	(6,093)
(1,759)	(1,759)	Minimum Revenue Provision *	(2,395)	(2,395)
(13,811)	(14,652)		(8,902)	(9,429)
2,945	2,945	Increase/(Decrease) in Capital Financing Requirement	2,064	2,064
67,477	67,477	Closing Capital Financing Requirement	69,541	69,541
		Represented by:		
30,277	30,277	External Borrowing (cumulative) excluding accruals for interest due	30,277	30,277
37,077	37,077	Internal Borrowing	39,201	39,201
123	123	Finance Lease Liabilities	63	63
67,477	67,477		69,541	69,541
		Borrowing During the Year		
0	0	External Borrowing	0	0
2,987	2,987	Internal Borrowing	2,124	2,124
(43)	(43)	Finance Lease	(60)	(60)
2,945	2,945		2,064	2,064

* Reserves and minimum revenue provision have been separately disclosed this year rather than showing against one line. As a result, this has required the 2020/21 figures to be restated.

The total capital expenditure includes assets under a finance lease arrangement.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 30 Office of the Police and Crime Commissioner Costs

2020/21		2021/22
£'000	Office of the Police and Crime Commissioner	£'000
11	Independent members and advisors costs	21
100	Police and Crime Commissioner including reimbursements	100
1,355	Statutory and other OPCC staff	1,469
253	Other costs	382
1	Support for collection of Council Tax	4
(4)	Income	(24)
0	Transfer to/(from) Reserves	11
1,716	Outturn Total	1,963
516	Pension costs	760
5	Accumulated Absence	(15)
0	Reverse Transfer to/(from) Reserves	(11)
(7)	Revenue Contributions to Capital	0
(209)	Employer Contributions	(240)
0	Depreciation	2
2,021	CIES Total	2,459

Disclosed below are the Commissioner remuneration costs which are included within the above table.

2020/21		2021/22
£'000	Police and Crime Commissioner	£'000
87	Salary, Fees and Allowances	87
0	Benefits in Kind	0
87	Total excluding pension contributions	87
0	Employer's Pension	0
87	Total	87

Note 31 Operating Leases

The Police and Crime Commissioner leases some properties used to provide operational services. The total future minimum lease payments under non-cancellable leases in future years are:

31 March 2021		31 March 2022
£'000		£'000
1,160	Not later than one year	1,365
3,062	Later than one year and not later than five years	3,173
809	Later than five years	497
5,031		5,035

With the exception of dilapidation clauses, there are no significant terms attached to the Police and Crime Commissioner's property leases which lead to potential future assets or liabilities for the Police and Crime Commissioner over and above those disclosed above. The expenditure charged to the Comprehensive Income and Expenditure Statement (CIES) during the year in relation to these leases was:

31 March 2021		31 March 2022
£'000		£'000
1,138	Expenditure charged to the CIES during the year	1,237
1,138		1,237

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Note 32 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and staff, the Police and Crime Commissioner Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. During 2021/22, the Police and Crime Commissioner Group operated four pension schemes, three for police officers and one for police staff. All are defined benefits schemes, providing members with benefits based on their pensionable pay and length of service. The police officer pension's disclosures below apply to the Group Accounts only, this is because all of the police officers are under the control of the Chief Constable and for this reason there are no charges to the Police and Crime Commissioner single entity accounts other than the intra-group transfers. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary.

Following successful claims by individuals against the transitional arrangements for many public sector schemes, the Public Service Pensions and Judicial Offices Act was passed in March 2022. This puts in place legislative changes to provide a remedy for members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. The valuation provided reflects this legislation.

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change. Funding arrangements are still under consideration by the Home Office. The Police Pension Fund Regulations 2007 require the Police and Crime Commissioner Group to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the Group in the form of a central government top-up grant

A similar adjustment has been made for the Local Government Pension Scheme.

32.1 Police Officer Schemes

32.1.1 Participation in Pension Schemes

From 1 April 2015 both the 1987 and 2006 Police Officers' pension schemes were replaced by a new scheme with a future accrual based on the career average retained earnings (CARE) model for new entrants. Both final salary police schemes closed from April 2015, however, there is protection for those who were members of the scheme prior to April 2012, who will be entitled to the benefits which would have accrued in their legacy scheme up to April 2022, at the point of their retirement. The new scheme is open to all newly recruited officers. The police officer pension schemes are unfunded defined benefit final salary schemes administered by the Chief Constable for Devon and Cornwall, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Pensions are financed from the Group's and employee's (police officers) contributions. Any deficit is met by the Home Office in the form of a top up grant. The Group's and the employee contributions are paid into a separate Police Officers' Pension Fund Account.

Police Pension Fund Regulations require Police and Crime Commissioners to transfer a sum not exceeding the amount that the Police Pensions Fund is in deficit at 31 March from the Police and Crime Commissioner's General Fund into the Police Pensions Fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Police and Crime Commissioner, who then must repay the amount to central government. The Group makes payments under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officer pension scheme. The independent actuary has estimated the costs and they are included within Police Officers scheme disclosure.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 32 Defined Benefit Pension Schemes Continued

32.1.2 Reconciliation of present Value of the Scheme of Liabilities (Defined Benefit Obligation)

2020/21 £'000		2021/22 £'000
(3,112,748)	Opening balance at 1 April	(3,958,901)
(55,779)	Current service cost	(105,906)
(72,174)	Interest cost	(78,241)
(16,182)	Contributions from scheme participants	(16,740)
	Remeasurement gains and (losses):	
70,557	• Actuarial gains/(losses) arising from changes in demographic assumptions	0
(712,686)	• Actuarial gains/(losses) arising from changes in financial assumptions	166,251
(159,534)	• Experience gains/(losses) on defined benefit obligation	(7,118)
98,154	Benefits paid	109,443
0	Past service costs, including curtailments	0
1,491	Injury pension payments	1,547
(3,958,901)	Closing balance at 31 March	(3,889,665)

32.1.3 Transactions relating to Retirement Benefits

The Group recognises the cost of retirement benefits for police officers in the reported cost of services when they are earned by police officers rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made for the police officer schemes in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 32 Defined Benefit Pension Schemes Continued

2020/21 £'000	Comprehensive Income and Expenditure Account	2021/22 £'000
	Cost of Services	
55,779	Current service cost	105,906
0	Past service cost	0
	Financing and Investment Income and Expenditure	
72,174	Net interest expense	78,241
127,953	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	184,147
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(70,557)	• Actuarial (gains)/losses arising on changes in demographic assumptions	0
712,686	• Actuarial (gains)/losses arising on changes in financial assumptions	(166,251)
159,534	• Experience (gains)/losses on defined benefit obligation	7,118
929,616	Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements	25,014
	Movement In Reserves Statement	
(127,953)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(184,147)
	Actual amounts charged against the General Fund Balance for pensions in the year:	
38,919	Employers' contributions payable to scheme	40,832
44,545	Home Office Top Up Grant	53,419

32.1.4 Impact on the Police and Crime Commissioner's Cashflow

The liabilities show the underlying commitments that arise from the fact that the Police and Crime Commissioner has to pay retirement benefits over a long-term period. The total liability of £3.889bn has a substantial impact on the net worth of the Group as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Police and Crime Commissioner remains healthy, as:

- scheme deficits are met by the Home Office
- finance is only required to be raised to cover police pensions when the pensions are actually paid, not when they are earned

The total employer contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2023 is £43.585m.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 32 Defined Benefit Pension Schemes Continued

32.1.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

The Police Officer Pension Scheme liabilities have been estimated for accounting purposes by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2020.

Employer contributions are set every four years as a result of the combined actuarial valuation of the Scheme required by the Home Office on behalf of the Home Secretary. The last combined actuarial valuation was completed at 31 March 2020 and set contributions for the period from 1 April 2023 to 31 March 2027. The next combined actuarial valuation will be carried out as at 31 March 2024.

The significant assumptions used by the actuary have been:

2020/21	Mortality Assumptions:	2021/22
	Longevity at 65 for current pensioners:	
21.1	Men	21.1
23.3	Women	23.4
	Longevity at 65 for future pensioners:	
22.3	Men	22.4
24.8	Women	24.9
	Financial Assumptions:	
2.80%	Rate of Inflation	3.20%
3.80%	Rate of increase in salaries	4.20%
2.80%	Rate of increase in pensions	3.20%
2.00%	Rate for discounting scheme liabilities	2.60%

The estimated weighted average duration of the Police Officer schemes is 19 years, and it is this duration that has been used to derive the assumptions. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. Changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	180,236	(171,883)
Rate of increase in salaries (increase or decrease by 0.1%)	8,752	(8,699)
Rate of increase in pensions (increase or decrease by 0.1%)	65,939	(64,553)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(73,605)	75,207

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 32 Defined Benefit Pension Schemes Continued

32.2 Police Staff Scheme

32.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Devon County Council. This is a funded defined benefit career average retained earnings scheme, meaning that the Police and Crime Commissioner Group and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets. In addition to the above scheme there are arrangements for the award of discretionary post-employment benefits upon early retirement – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. As these benefits are unfunded, cash has to be generated to meet actual pension payments as they fall due.

32.2.2 Transactions relating to Retirement Benefits

The Group recognises the cost of retirement benefits for police staff in the reported cost of services when they are earned by police staff, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made for the police staff scheme in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2020/21		Comprehensive Income and Expenditure Account	2021/22	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
		Cost of Services		
		Service cost comprising:		
497	27,679	• Current service cost	752	34,775
16	881	• Past service cost	10	465
0	0	• (Gain)/loss from settlements	(6)	(300)
4	223	• Administration Expenses	5	224
		Financing and Investment Income and Expenditure		
93	5,170	Net interest expense	134	6,210
610	33,953	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	895	41,374
		Other Post-Employment Benefits Charged to Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
(1,257)	(70,073)	• Return on plan assets (excluding the amount included in the net interest expense)	(474)	(21,938)
(99)	(5,524)	• Actuarial (gains)/losses arising on changes in demographic assumptions	0	0
2,989	166,595	• Actuarial (gains)/losses arising on changes in financial assumptions	(824)	(38,107)
662	0	Apportionment Adjustment	1,174	0
0	0	Other actuarial (gains)/losses	128	5,918
(104)	(5,813)	Experience (gains)/losses on defined benefit obligation	34	1,581
2,801	119,138	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	933	(11,172)

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 32 Defined Benefit Pension Schemes Continued

2020/21		Movement in Reserves Statement	2021/22	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(610)	(33,953)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(895)	(41,374)
Funded Liabilities		Actual amount charged against the General Fund Balance for pensions in the year:	Funded Liabilities	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
207	11,524	Employers' contributions payable to scheme	238	11,011
Unfunded Liabilities		Actual amount charged against the General Fund Balance for pensions in the year:	Unfunded Liabilities	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
3	148	Retirement benefits payable to pensioners	3	142

32.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Police and Crime Commissioner's Group and Police and Crime Commissioner's obligation in respect of its defined benefit plans is as follows:

31 March 2021			31 March 2022	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(12,309)	(686,009)	Present value of the defined benefit obligation	(14,950)	(690,874)
6,632	369,549	Fair value of plan assets	8,580	396,739
(5,677)	(316,460)	Net liability arising from defined benefit obligation	(6,370)	(294,135)

On 31 March 2022, a bulk transfer payment was made from the Devon County Council Pension Fund to the Dorset County Pension Fund in respect of the bulk transfers that occurred between Devon and Cornwall Police and Crime Commissioner (in the Devon Fund) and Police and Crime Commissioners for Dorset (in the Dorset Fund) between 1 December 2015 and 1 November 2019 (inclusive).

For bulk transfers that occurred on or before 31 March 2019, an allowance was made in the Employer's 31 March 2020 IAS19 report for the estimated impact of these bulk transfers on the Employer's assets. The estimate of the impact was based on limited information that was available at the time of producing the 2019/20 accounts. As the bulk transfer payment has now been made in respect of these transfers, an allowance for the actual payment made on 31 March 2022 based on the actual approach agreed by the Fund actuaries has been taken into account. This has led to an experience loss, as shown below. A liability experience item has not been allowed for as the adjustment made in the Employer's 2020 report was based on the 31 March 2019 valuation data and therefore reflected the pre-31 March 2019 bulk transfers

In addition, the bulk transfer payment made on 31 March 2022 included allowance for the bulk transfers which occurred on 1 April 2019 and 1 November 2019. As these were not included in any previous accounting estimates, the impact of these bulk transfers are shown as settlements. The value of the assets shown reflect the amount that was paid on 31 March 2022 in respect of each transfer.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 32 Defined Benefit Pension Schemes Continued

32.2.4 Reconciliation of present Value of the Scheme of Liabilities (Defined Benefit Obligation)

31 March 2021			31 March 2022		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
(7,374)	(499,381)	Opening balance at 1 April	(12,309)	(686,009)	
(497)	(27,679)	Current service cost	(752)	(34,775)	
(183)	(10,173)	Interest cost	(286)	(13,205)	
(69)	(3,840)	Contributions from scheme participants	(91)	(4,194)	
		Remeasurement gains/(losses):			
99	5,524	• Actuarial gains/(losses) arising from changes in demographic assumptions	0	0	
(2,989)	(166,595)	• Actuarial gains/(losses) arising from changes in financial assumptions	824	38,107	
104	5,813	• Experience gains/(losses) on defined benefit obligation	(34)	(1,581)	
0	0	Liabilities assumed/(extinguished) on settlements	(9)	(398)	
(1,585)	0	Apportionment Adjustment	(2,536)	0	
(16)	(881)	Past service cost including gains/(losses) on curtailments	(10)	(465)	
201	11,203	Benefits paid	252	11,646	
(12,309)	(686,009)	Closing balance at 31 March	(14,950)	(690,874)	

32.2.5 Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

The Police and Crime Commissioner's Group contribution to the Local Government Pension Scheme for the accounting period to 31 March 2023 is estimated to be £11.400m of which £0.247m is for the Police and Crime Commissioner. This estimation excludes the capitalised cost of any early retirements or augmentations which may occur after 31 March 2022. These projections are based on the assumptions as at 31 March 2022.

31 March 2021			31 March 2022		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
4,289	290,387	Opening fair value of scheme assets	6,632	369,549	
90	5,003	Interest income	151	6,995	
		Remeasurement gains/(losses):			
1,257	70,073	• The return on plan assets, excluding the amount included in the net interest expense	474	21,938	
923	0	Apportionment Adjustment	1,361	0	
(4)	(223)	Administration expenses	(5)	(224)	
209	11,672	Contributions from employer	241	11,153	
69	3,840	Contributions from employees into the scheme	91	4,193	
(201)	(11,203)	Benefits paid	(252)	(11,645)	
0	0	Settlement prices received/(paid)	15	698	
0	0	Other actuarial gains/(losses)	(128)	(5,918)	
6,632	369,549	Closing fair value of scheme assets	8,580	396,739	

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 32 Defined Benefit Pension Schemes Continued

32.2.6 Local Government Pension Scheme assets comprised

31 March 2021			31 March 2022	
PCC £'000	PCC Group £'000	Fair Value of Scheme assets	PCC £'000	PCC Group £'000
		Cash and cash equivalents		
736	40,928	UK Equities	765	35,361
3,425	190,846	Overseas Equities	4,315	199,524
226	12,570	Gilts	1,141	52,766
297	16,569	Other Bonds	176	8,117
532	29,681	Property	809	37,380
269	14,974	Infrastructure	484	22,401
624	34,790	Target Return Portfolio	793	36,672
68	3,811	Cash	101	4,686
455	25,380	Alternative Assets	(4)	(168)
6,632	369,549	Total	8,580	396,739

32.2.7 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The liabilities have been estimated by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary have been:

2020/21		2021/22
	Long-term expected rate of return on assets in the scheme:	
2.00%	Equity investments	2.60%
2.00%	Bonds	2.60%
2.00%	Other	2.60%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.6	Men	22.7
23.9	Women	24.0
	Longevity at 65 for future pensioners:	
24.0	Men	24.0
25.4	Women	25.4
	Financial Assumptions:	
2.80%	Rate of inflation	3.20%
3.80%	Rate of increase in salaries	4.20%
2.80%	Rate of increase in pensions	3.20%
2.00%	Rate for discounting scheme liabilities	2.60%

The past service liability duration has been estimated at 24 years. This duration has been calculated based on the membership data provided for the most recent full valuation of the liabilities at 31 March 2019. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 32 Defined Benefit Pension Schemes Continued

32.2.8 Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
PCC		
Mortality age rating assumption (increase or decrease in 1 year)	634	(607)
Rate of increase in salaries (increase or decrease by 0.1%)	39	(38)
Rate of increase in pensions (increase or decrease by 0.1%)	307	(299)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(339)	348
PCC Group		
Mortality age rating assumption (increase or decrease in 1 year)	29,301	(28,070)
Rate of increase in salaries (increase or decrease by 0.1%)	1,791	(1,775)
Rate of increase in pensions (increase or decrease by 0.1%)	14,176	(13,848)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(15,698)	16,078

32.2.9 Other Assumptions

It is assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 contribution option at the previous valuation date will remain the same.

32.2.10 Impact on the Police and Crime Commissioner's Cash Flows

The objectives of the scheme, as administered by Devon County Council, are to keep employer's contributions at as constant a rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 24 years. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026.

Devon County Council publishes details of the Fund's performance. More detail can be found on their website <https://www.devonpensionfund.org.uk/>

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 33 Long Term Borrowing

The maturity analysis of long term borrowing is as follows:

31 March 2021		Contractual Maturity	31 March 2022	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
0	0	Less than one year	0	0
0	0	More than one year less than five years	(2,000)	(2,000)
(8,827)	(8,827)	Between five and ten years	(8,827)	(8,827)
(21,450)	(21,450)	More than ten years	(19,450)	(19,450)
(30,277)	(30,277)	Total Long Term Borrowing	(30,277)	(30,277)

Note 34 Investment Property

Investment properties are those that are used solely to earn rentals and/or capital appreciation. They are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued annually according to market conditions at the year end. In 2021/22 there were three investment properties.

2020/21 £'000		2021/22 £'000
385	Balance at 31 March 2021	385
0	Revaluation recognised in the Revaluation Reserve	56
0	Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	17
0	Transfers to/from property, plant and equipment	116
385	Balance at 31 March 2022	574

The following rental income has been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

2020/21 £'000		2021/22 £'000
(35)	Rental Income from Investment Property	(40)
3	Direct operating expenses arising from investment property	11
(32)	Net (gain)/loss at year end	(29)

The investment properties are revalued by qualified external valuers, Vickery Holman (MRICS). A full valuation is undertaken every three years with a desktop exercise in between. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the updated professional standards of the Royal Institution of Chartered Surveyors. A desktop exercise was undertaken in 2021/22 with valuations and remaining useful lives provided as at 1 February 2022. A further assessment was undertaken to ascertain if the valuations had changed between the valuation date and 31 March 2022. There was no change to the valuations.



PCC
Office of the Police
and Crime Commissioner
Devon and Cornwall

Pension Fund Accounting Statements

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Police Officers' Pension Fund Statement (PFS)

The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. During the year all payments and receipts are made to and from the Police and Crime Commissioner Group Police Fund. The statement shows income and expenditure for the Police Pension Scheme, this expenditure is not consolidated into the Police and Crime Commissioner Group Accounts.

31 March 2021 £'000		31 March 2022 £'000
	Contributions Receivable	
(37,158)	Employers (normal)	(38,771)
(16,182)	Employees (normal)	(16,740)
(271)	Ill Health capital charge	(514)
	Transfers In	
(785)	Individual transfers from other schemes	(843)
	Benefits payable	
83,217	Pensions	85,436
15,724	Commutations & lump sum retirement benefits	24,851
	Payment to and on account of leavers	
0	Individual transfers to other schemes	0
44,545	Net amount paid during the year	53,419
(44,545)	Transfer from Police Fund *	(53,419)
0	Net amount payable / receivable for the year	0
* Additional contribution funded from the Police Fund is met by a top up grant from the Home Office		
37,817	Received in year	40,432
6,728	Debtor	12,987
44,545		53,419

The Police Officer Pension Fund is unfunded and has no investment assets.

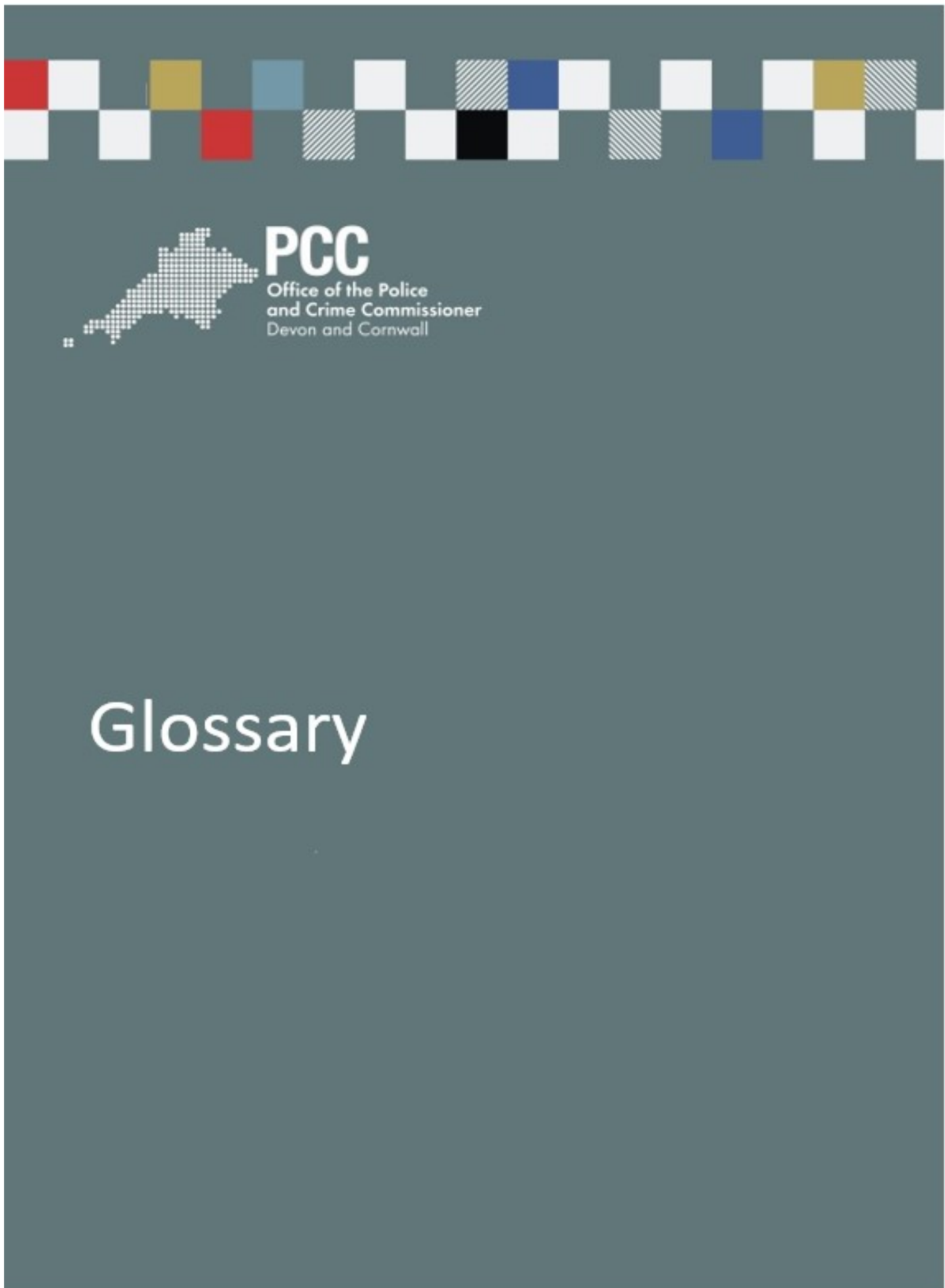
The Police Officer Pension Fund which is administered by the Chief Constable has been set up for the specific purpose of administering the collection of contributions, the payment of pensions and the refund to central government for the balance outstanding for each year. The fund does not hold any investment assets nor does it reflect the liabilities of both Schemes to pay present and future pensioners.

The main benefits payable are police officer pensions, lump sums that represent the commutation of pensions and other lump sum payments. The Employer paid a contribution equal to 31.0% of police officer pay for 2021/22. As this contribution was insufficient to meet the net costs of benefits after employees' contributions, the account was balanced to nil at the year-end by the Home Office top up grant.

The above accounting statement complies with the accounting policies where applicable.

Further information can be found in the Defined Benefits Pension Schemes Note.

This Financial Statement does not take account of liabilities to pay pensions and other benefits after the 31 March 2022.



Glossary

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Glossary

Accounting Period	The period of time covered by the accounts, usually a full year, which for the Office of the Police and Crime Commissioner runs from 1 April to 31 March.
Accrual	Amounts included in the final accounts to cover income and expenditure relating to the accounting period but neither paid nor received by 31 March. (For example, goods delivered in March but not invoiced by suppliers until April.)
Actuarial Gains and Losses	Changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
Actuarial Valuation	An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.
Agency Services	Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.
Amortised Cost	This method applies to both financial assets and liabilities. It is a method of determining the Balance Sheet carrying amount and periodic charges or credits to the Income and Expenditure Account of a financial instrument from the expected cash flows. This approach sees through the contractual terms (for example discounts and premiums) to measure the real cost that a Police and Crime Commissioner bears each year from entering into a financial liability. The Office of the Police and Crime Commissioner does not currently have any complex financial instruments where the contractual terms vary significantly from the real cost. For this reason the amortised cost of financial instruments is close to contractual cost.
Appropriation	Charges to the revenue account that build up funds and reserves in the Balance Sheet.
Asset	Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.
Bid Price	A valuation of financial assets based on the highest price a buyer is willing to offer.
Budget	The Police and Crime Commissioner's plan for providing resources to meet its service obligations. The Office of the Police and Crime Commissioner sets an annual budget within a four year financial strategy.
Capital Expenditure	The cost of buying or building significant assets (e.g. land and buildings) which have a long-term value to the Office of the Police and Crime Commissioner. <i>(Also referred to as capital spending or capital payments).</i>
Capital Grants	Grants received by the Office of the Police and Crime Commissioner that can only be used to pay for capital projects.
Capital Receipts	Income from the sale of capital assets (land, buildings, etc.). In the public sector, there are generally strict rules on what the receipts can be spent on.
Carrying Amount	This is the amount of a financial asset or liability that should be recorded in the Balance Sheet for a given date based upon the correct measurement approach for the financial asset or liability.
Cash Flow Statement	This statement summarises the inflows and outflows of cash.
CIPFA	The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.
Collection Fund	District and unitary councils pay all receipts from local taxpayers into a "collection fund". They then pay county, police, fire, district, unitary and parish council precepts from the fund.
CIES	Comprehensive Income and Expenditure Statement.
Contingency	A reserve set aside to meet unexpected costs. For example, the Force always has major operations every year, but can never tell how many will happen or how much each will cost.
Contingent Liability	A possible cost of past events where the amount to be paid is not certain, or when the payment may not actually be made. (For example, where a court case is still undecided.)

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Glossary Continued

Council Tax	A tax based on the value of property, which is administered by District and Unitary authorities.
Creditors	Amounts owed by the Police and Crime Commissioner for work done, goods received or services received, but for which payment has not been made by the end of the accounting period.
Current Assets and Liabilities	Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.
Current Service Cost	The increase in the benefits earned by employees in the current period based on their pay and length of service. This is charged to the net cost of services.
Curtailments	Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency or redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.
Debtors	Amounts due to the Police and Crime Commissioner but unpaid by the end of the accounting period.
Deferred Charges	Costs built up when preparing for a capital project that does not eventually create or buy a fixed asset. Deferred charges are written out of the accounts in the year they are incurred.
Defined Benefit Scheme	A pension scheme which defines the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.
Depreciation	The accounting principle that spreads the cost of a fixed asset over its useful working life.
Discretionary Benefits	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Police and Crime Commissioner's discretionary powers.
Earmarked Reserves	These reserves represent monies set aside to be used for a specific purpose.
Exit Costs	These are costs of packages for which the Police and Crime Commissioner is demonstrably committed to. The cost of the package includes the termination benefits, all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.
Expected Return on Assets	The average rate of return expected over the remaining life of the pension scheme from the actual investments held by the scheme. Fees charged by investment managers are taken out. The net income is credited to net operating expenditure.
Experience Gains and Losses (IAS 19 Pensions disclosure)	This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.
Fair Value	This is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. In most cases, this amount will be the transaction price, e.g. the amount of a loan made.
Fixed Assets	Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment.
FTE	Full Time Equivalent.
FVOCI	Classification of a financial asset. FVOCI stands for Fair Value through other Comprehensive Income.
FVPL	Classification of a financial asset. FVPL stands for Fair Value through profit or loss.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Glossary Continued

International Financial Reporting Standards (IFRS)	Accounting standards issued by the International Accounting Standards Board and from which the CIPFA code of Practice on Local Authority Accounting is derived.
Home Office Grant	A central government grant paid by the Home Office to Police and Crime Commissioner's in support of their day to day expenditure.
Impairment	A loss in the value of a fixed asset, caused by physical damage (such as a major fire) or a significant reduction in market value.
Intangible Asset	An identifiable asset that has no physical substance can be measured reliably and is used for a period of more than one year.
Interest Cost	The expected increase during the period in the present value of the scheme liabilities because members of the scheme are one year closer to retirement. This is charged to net operating expenditure.
LAAP	Local Authority Accounting Panel sets accounting rules for the public sector.
Medium Term Financial Strategy (MTFS)	Often referred to as MTFS, it is the financial plan and management of funding, spending and savings over a four year period.
Mid-Price	A valuation of financial assets based on the mid-point between bid and offered prices.
Minimum Revenue Provision	The minimum amount of the Police and Crime Commissioner's outstanding financing commitments that must be charged to the General Fund each year.
Non-Distributed Costs (NDC)	For the Police and Crime Commissioner these are principally past service costs relating to pensions benefits earned in prior periods.
Non-Operational Assets	Fixed assets that are not used to deliver direct services. For example, police houses, or assets that are still being built or are no longer used and about to be sold.
NPAS	National Police Air Service.
OPCC	Officer of the Police and Crime Commissioner.
Past Service Cost	The increase in the benefits earned by employees from their service in previous years arising because of improved retirement benefits. These costs are paid directly by the employer and are charged to the net cost of services.
PEQF	Police Education Qualifications Framework
Pension Commutation	Commutation is where part of the entitlement to a pension for life is exchanged for a lump sum payable on retirement. This requires a calculation of the current value of the entitlement given up. The calculation is done using actuarial advice. The advice is set out in tables containing 'factors'. The level of the factors depends on age and life expectancy.
Pension Scheme (Defined Benefit)	A pension scheme that pays benefits to members based on the rules of the scheme and not on the value of the pension fund. Benefits are usually based on pay and length of service.
Pension Scheme (Funded)	Each year both employers and members pay standard contributions that are invested in a separate pension fund. Benefits to contributors and their dependants are paid out of investments held in the fund.
Pension Scheme (unfunded)	Members pay a standard contribution each year. The employer then pays the cash difference between members' annual contributions and the annual cost of benefits to contributors and their dependants.
PCC	Police and Crime Commissioner.
PCSO	Police Community Support Officer.
PFS	Police Officers' Pension Fund Statement.
Precept	A levy collected by District and Unitary Councils from council taxpayers on behalf of the Police and Crime Commissioner.
Present value (or Net Present Value)	The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Glossary Continued

Principal	The amount of a loan that was actually borrowed, before interest is added.
Provisions	Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.
Related Parties	Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.
Reserves	Amounts set aside to meet the cost of specific future expenditure. The Police and Crime Commissioner plans its reserves as part of a four year strategy.
Revaluation Reserve	The Reserve records the accumulated gains on the fixed assets held by the Police and Crime Commissioner arising from increases in value. It is debited with the part of the depreciation charge for the asset relating to the revaluation. Any balance on this account is written back to the Capital Adjustment Account upon disposal of the asset.
Revenue Support Grant (RSG)	A general central government grant paid to the Police and Crime Commissioner, as well as the Home Office Grant, to support its day to day expenditure.
Running Costs	Costs from the use of premises, transport and equipment, and other general expenditure needed to provide a service.
Specific Grants	Grants (usually from the Home Office) that can only be spent on named services and projects.
Statement of Standard Accounting Practice	Guidance issued by the Financial Reporting Council (FRC) on how to use and apply accounting standards.
Termination Benefits	These are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits excluding any voluntary early retirements.
Third Party Payments	Payments made to outside contractors and other bodies who provide specialist or support services to the Police and Crime Commissioner.
VZSW	Vision Zero South West

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Devon & Cornwall
POLICE

Chief Constable for Devon & Cornwall Police



Statement of Accounts

for the year ended 31 March 2022

Unaudited

Chief Constable for Devon and Cornwall

The statutory officers of the Office of the Chief Constable and contact details are as follows:



Chief Constable
Shaun Sawyer
From 01/04/2010 to 21/08/2022



Temporary Chief Constable
Jim Colwell
From 22/08/2022



Chief Financial Officer to the Chief Constable
Sandy Goscomb

Address: Police Headquarters
Middlemoor
Exeter
EX2 7HQ

Website: www.devon-cornwall.police.uk
E-mail: chief.constable@devonandcornwall.pnn.police.uk

Chief Constable for Devon and Cornwall

Statement of Accounts 2021/22

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Chief Constable for Devon and Cornwall

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Devon & Cornwall
POLICE

Accompanying Reports

Narrative Report by Sandy Goscomb, Chief Financial Officer

1.0 INTRODUCTION

- 1.1 Welcome to the Chief Constable's Statement of Accounts for 2021/22. The statement of accounts reports the income and expenditure on service provision for the year and the value of the Chief Constable's assets and liabilities at the end of the financial year. This is done in accordance with proper accounting practices as defined in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2 The Police and Crime Commissioner and the Chief Constable form an accounting group for reporting purposes. These accounts are the Chief Constable's single entity accounts. The single entity accounts for the Police and Crime Commissioner and the accounts for the Group are presented together in a separate [document](#). The Group accounts include the income and expenditure in this set of accounts, as well as the Police and Crime Commissioner's income and expenditure, a full Balance Sheet, details of reserves, and cashflow.
- 1.3 The aim of this narrative report is to provide an easily understandable explanation of the Chief Constable's financial performance in 2021/22 and its position at the end of the financial year.
- 1.4 The primary function of the Chief Constable is to provide an efficient and effective police service in Devon, Cornwall and the Isles of Scilly. The Force's mission is to prevent and detect harm; protect the vulnerable and reduce crime.
- 1.5 During 2021/22 the Chief Constable launched his vision to deliver World Class Sustainable Policing across Devon and Cornwall Police. This vision is built on the foundation of helping the people working for Devon and Cornwall Police make the biggest difference they can, whatever their role. It is underpinned by three key principles:
- Work as one; proud to serve
 - Ambitious operational excellence driven by innovation
 - Commit to the United Nations sustainability goals creating a legacy we can be proud of



- 1.6 During 2021/22 the Force developed a corporate plan which takes the three principles underpinning the vision and turns them into a set of aims and objectives. During 2022 a full set of performance indicators, relating to that Corporate Plan is being finalised. This will include the Commissioners Police and Crime Plan Strategic Indicators.

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

STRATEGIC PRINCIPLE	STRATEGIC OBJECTIVES
Work as one; Proud to serve	Enable our people to deliver and lead professionally
	Embedded Health and Wellbeing
	Be a diverse, equal and inclusive organisation
	Assess our values and embed them in our culture
Ambitious operational excellence driven by innovation	Today's Policing Today
	Listen and respond appropriately
	Tackle and prevent crime, effectively ensuring fairness for all in CJ processes
Commitment to the UN sustainable goals, creating a legacy we can be proud of	Impact positively on our environment
	Exploit technology to improve service delivery
	Encourage innovation from all staff and drive improvements

2.0 RESOURCES AVAILABLE

- 2.1 The Police and Crime Commissioner for Devon and Cornwall allocates the majority of the available annual funding to the Chief Constable. In 2021/22, the allocation to the Chief Constable was £343.7m out of the total Police and Crime Commissioner funding of £349.7m.
- 2.2 The Chief Constable works with the Commissioner in agreeing a Medium Term Financial Strategy (MTFS), identifying budget requirement for the following year and for the subsequent three years.
- 2.3 The 2021/22 budget was set in the context of an increase of Police Grant funding of 4.9%, which included Devon and Cornwall's share of the £415m allocated nationally for additional officers; and the Police and Crime Commissioner's increase to the Council Tax precept of £14.92 (6.73%).
- 2.4 These increases resulted in a 2021/22 Group budget of £349.732m which was a funding increase of £17.455m from the 2020/21 budget of £332.277m. The table below shows how these additional funds were allocated.

Chief Constable for Devon and Cornwall

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

Use of additional funding - 2021/22	£m	
Additional Funding (Police Grant & Council Tax)	17.5	
Increases:		
National Police Officer Uplift	4.2	
Local Police Officer Uplift	0.6	4.8
Unavoidable Changes:		
Pay Inflation	4.3	
Non-Pay Costs	2.2	
Commitments	2.9	
Transfer of National Commitments	0.8	
Capital Funding	(0.2)	10.0
Investment		3.5
Change in use of reserves		1.1
Savings		(1.9)
		17.5

2.5 The 2021/22 budget included funding to:

- Increase officer numbers by 181 to 3,422 by 31 March 2022. Of these, 141 were funded by the national Police Officer Uplift Programme and a further 40 officers funded by the local council tax.
- Improve customer service in contact centres, increasing the staff numbers by 22 in the contact centres to have a positive impact on waiting times.
- Invest in police technology relating to drones, to improve public safety and provide a more responsive service for searches, public order events and evidence gathering.
- Increase resources for crime investigation to fund 29 police staff investigators to resolve crimes more quickly and have a positive impact on violent and sexual crime offenders and victims.
- Additional resources for Professional Standards to deal with the new Conduct and Complaint Regulations 2020.
- Enhance data reliability, accuracy and security, to improve the quality of the information held to drive crime prevention and public safety.
- Extend Blue Light collaboration to further enhance opportunities to collaborate with other emergency services to include coastal and maritime settings.
- Special Constabulary to further innovate and support the role and activities of the Special Constabulary which could include further benefits following the enhanced allowance pilot scheme.

2.6 The table below summarises these investments.

Details of Investment	Planned Budget £m
Contact Centre Investment	0.626
Police Technology/Drones	0.300
Investigating crime	1.152
Professional Standards	0.316
Information Integrity	0.850
Special Constabulary Pilot	0.150
Blue Light Collaboration	0.080
	3.474

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

- 2.7 The 2021/22 budget also made a provision for a number of unavoidable costs such as pay inflation, increments and existing policy commitments.

3.0 2021/22 OUTCOMES

G7 Summit

- 3.1 The G7 Summit took place in Cornwall in June 2021. The event saw the world leaders from 12 countries meet to discuss important global issues. It was the biggest Policing and Security Event in England in 2021, and the largest ever seen in Devon, Cornwall and Isles of Scilly.
- 3.2 The cost of policing the operation in 2021/22 was £45m, the extra costs, which included mutual aid from every force in the country, were funded by a Grant from the Home Office. Devon and Cornwall bore some opportunity costs in staff and officer time.

Uplift Officers

- 3.3 The MTFS provided funding for an additional 141 officers through year two of the national Police Uplift Programme. In addition, 40 further extra officers were funded through council tax.
- 3.4 Additional government funding was provided for the Force's share of the national officer uplift. This funding was subject to a monthly grant claim, evidencing that additional expenditure was incurred on the cost of the new officers, recruitment, training, and other associated support and infrastructure.
- 3.5 A proportion of the grant awarded to Forces to deliver the national uplift (25%) was conditional on the achievement of an increase in headcount based on national baselines. Devon and Cornwall exceeded this target and ended the year 90 over the baseline. This is a significant achievement (especially during a time when recruitment was logistically difficult due to COVID restrictions) and puts the force in a good position going into the final year of the uplift programme in 2022/23.

Progress of 2021/22 Investment

- 3.6 As detailed earlier, the Police and Crime Commissioner made investment of £3.5m within the 2021/22 MTFS.
- 3.7 An operationally busy year, coupled with difficulties around recruitment and scheduling delays has meant some projects did not gain as much momentum as had been hoped, and there was an underspend of £0.979m against these areas. Elements of this underspend will be carried forward to be spent in the next financial year.

Savings

- 3.8 Savings of £1.850m were built into the 2021/22 budget.
- 3.9 Non-staff savings of £0.837m were found within departmental efficiencies. The reductions were built into the base budgets. Net savings of £0.261m were achieved through reductions in PCSO numbers as part of a long term plan. Permanent savings of £0.352m were identified within utilities and rates. Plans to identify in year permanent savings for a further £0.148m will be progressed during 2022/23.
- 3.10 Planned savings from a reduced charge for the National Police Aviation Service were not realised following a late change to national charging arrangements.

Major Incidents/Operations

- 3.11 The force has been affected by an unusually high number of prominent and distressing incidents during this year, including the firearms killings in Plymouth. These incidents have a huge impact on communities, including the Force's own officers and staff. Financially, the subsequent police investigations were funded within the overall existing budgets.

Actual Expenditure 2021/22

- 3.12 The Chief Constable spent £342.935m against the budget allocation of £343.680m, resulting in an underspend of £0.745m.

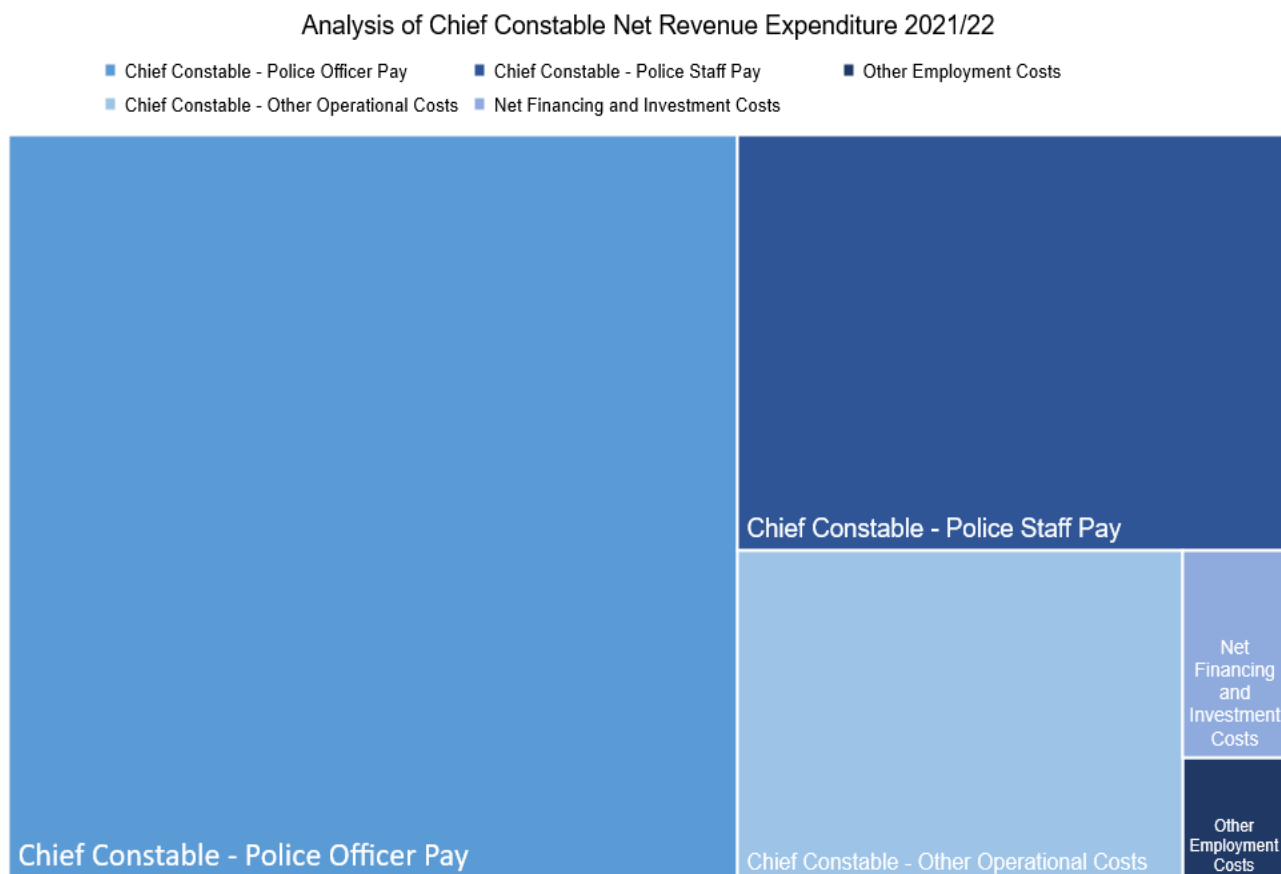
Chief Constable for Devon and Cornwall

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

The table below shows how the expenditure and funding analysis note, and outturn relate to each other:

Reconciliation	2021/22
	£m
Expenditure and Funding Analysis	
Net Cost of Services	342.468
Financing and Investment Income	1.212
	343.680
Outturn	
Chief Constable	342.935
Underspend transferred to General Balances	0.745
	343.680

3.13 The below chart shows a breakdown of total net revenue expenditure for 2021/22 by category of spend.



3.14 The outturn presents a net position and is after £6.1m of approved funding carried forward into 2022/23. There were a number of over and underspends during the year; the most significant of which are detailed below.

- Police staff underspend due to difficulties and delays in recruitment.
- A busy operational year resulted in delays in change projects and initiatives, e.g. process automation, migration to a new crime management system, investments in technology (drones).
- The level of Estate planned and programme maintenance was less than anticipated, in part an effect of the busy operational year and in part due to difficulties in the building trade around resources and supplies.

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

- Planned income levels were exceeded as a result of increased income from mutual aid activity, in particular for the UN Climate Change Conference in Scotland; higher than expected seconded officers; and the receipt of additional income and grants.
- An error in the calculation of the police officer pay budget was identified early in the financial year. Mitigation was identified and agreed quickly, and the error corrected and funded within existing resources.

3.15 Requests to carry forward underspends into 2022/23 totalling £6.1m were agreed. A proportion of these requests related to the slippage of projects from 2021/22 to 2022/23 and will fund specific expenditure during 2022/23, primarily around Serious Violence Prevention, ICT project costs and delivery of delayed 2021/22 investment initiatives.

3.16 The force was also able to support other one-off investments, including: -

- An additional £0.359m to fund infrastructure costs associated with the expansion of the contact centre and its training facilities.
- An investment of £1.525m to support additional commitments made against the capital programme.
- Support of £1.267m to the structured financial approach used within the 2022/23 MTFS, helping to deliver the force with a robust and sustainable ongoing budget.

3.17 The residual underspend of £0.745m has been transferred to General Balances.

3.18 Details of these investments can be most clearly seen in the [Group accounts](#) referred to earlier.

4.0 CAPITAL PROGRAMME

4.1 The table below shows the Chief Constable's capital expenditure, and funding, during 2021/22. The majority of the assets relating to policing, most significantly buildings, are owned by the Police and Crime Commissioner. However certain items of equipment and ICT are considered to be under the ownership and control of the Chief Constable. Capital expenditure in this respect consists of an ongoing programme of rationalisation, replacement and enhancement of assets, all with an expected life of more than one year, and with a value in excess of £20k.

	£m
Equipment and ICT	0.527
	<hr/> 0.527
<u>Funded by</u>	
Delegation from Police and Crime Commissioner	(0.527)
	<hr/> (0.527)

4.2 ICT and capital equipment across the Force area is replaced when necessary to ensure that officers and staff have the most appropriate access to technology and equipment to support them in their roles. The majority of ICT assets are reflected on the Police and Crime Commissioner's balance sheet. The capital purchases that fall under the Chief Constable are primarily equipment, including mobile data handsets, body worn video, and operational equipment.

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

5.0 WORKFORCE RESOURCES

5.1 Workforce costs make up 82.3% of the annual expenditure of Devon and Cornwall Police.

5.2 Police Officers

31/03/21 (FTE)		31/03/22 (FTE)
3,241	Police Officers – Budgeted	3,424
3,257	Police Officers - Actual	3,396
16	(Under)/Over	(28)

Police Officer numbers increased by 139 full time equivalents (FTE) during the year. Due to an unexpected surge of retirements numbers were 28 under establishment on 31 March 2022; recruitment numbers for 2022/23 are adjusted to take account of this.

5.3 PCSO's

31/03/21 (FTE)		31/03/22 (FTE)
150	PCSO's - Budgeted	150
167	PCSO's – Actual	156
17	(Under)/Over	6

The number of PCSOs continued to reduce during the year as part of a planned change programme to address the operational demands on the Force. There were 156 FTE PCSOs at 31 March 2022, which was 6 FTE over the budgeted establishment.

5.4 Police Staff

The analysis of police staff numbers is made complex by the use of temporary and agency staff. In addition, the financial arrangements for the Alliance with Dorset Police mean some staff employed by one force will be charged to another. For the purposes of this report, the numbers below reflect the FTE of police staff charged against Devon and Cornwall's Chief Constable accounts.

31/03/21 (FTE)		31/03/22 (FTE)
2,158	Police Staff - Actual	2,178

There was a net increase in FTE of 20; as a result of changes made within the MTFS.

6.0 PERFORMANCE

External Indicators

6.1 The principal independent financial indicators available to the Chief Constable and the Police and Crime Commissioner are as follows:

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

- 6.2 HMICFRS PEEL Report – Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The last report (2018/19) indicated that Devon and Cornwall Police was 'good' in each of the three areas reviewed:
- The extent to which the force is effective at reducing crime and keeping people safe is **good**.
 - The extent to which the force operates efficiently and sustainably is **good**.
 - The extent to which the force treats the public and its workforce legitimately is **good**.

The most recent PEEL inspection will report later in 2022.

- 6.3 Auditor's Annual Report – External auditors provided a commentary on the arrangements in place to secure economy, efficiency and effectiveness in the use of resources for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 2021. This audit concluded that the Police and Crime Commissioner and Chief Constable have each put in place proper arrangements; no risks of significant weakness were identified in the audit plan. An identified significant weakness in respect of finance team capacity was raised and a subsequent recommendation made. This recommendation was reviewed and addressed.
- 6.4 The HMICFRS Value for Money Profile 2021 does not provide an opinion but states key financial and performance information of Devon and Cornwall Police in comparison to other forces. The report did not indicate any significant outliers within Devon and Cornwall Police's information.

Force Demand

- 6.5 The force monitors performance on a monthly basis. Although still living with some COVID restrictions during 2021/22, operational demand returned to pre-pandemic levels.
- 6.6 During the period 1 April 2021 to 31 March 2022 101,379 crimes were recorded, an increase of 12.4% from the previous year. This increase is higher than expected as recorded crime fell in 2020/21 as a result of the pandemic. The table below shows changes in crime types.

Offence	Recorded Crime 2020/21	Recorded Crime 2021/22	Recorded Crime % Change
Theft from the Person	296	505	70.6%
Homicide	12	17	41.7%
Other Sexual Offences	2,604	3,477	33.5%
Arson	466	593	27.3%
Rape	1,560	1,918	22.9%
Violence with Injury	13,081	15,995	22.3%
Shoplifting	3,812	4,650	22.0%
Public Order Offences	7,130	8,463	18.7%
Violence without Injury	14,703	17,336	17.9%
Robbery	513	585	14.0%
All Other Theft Offences	6,261	6,949	11.0%
Criminal Damage	12,014	13,197	9.8%
Other Offences	2,173	2,360	8.6%
Possession of Weapons	1,176	1,265	7.6%
Vehicle Offences	3,099	3,300	6.5%
Stalking and Harassment	12,117	12,751	5.2%
Burglary Dwelling	1,628	1,585	(2.6%)
Burglary Non-Dwelling	1,917	1,714	(10.6%)
Possession of Drugs	3,713	3,163	(14.8%)
Bicycle Theft	567	482	(15.0%)
Trafficking of Drugs	1,326	1,050	(20.8%)
Death or Serious Injury caused by Unlawful Driving	39	24	(38.5%)
Total	90,207	101,379	12.4%

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

- 6.7 The total number of calls for service received have returned to pre-pandemic levels, but the mix between 101 calls emails/texts and webchats has changed.

19/20	No. of contacts	20/21	21/22	% Change
	Calls: -			
262,197	999	246,629	302,928	22.8%
830,289	101	509,497	517,196	1.5%
	Interactions:			
114,630	No. of 101 Emails/Texts received	150,944	143,959	(4.6%)
-	Web Chats	50,921	70,636	38.7%
1,207,116	Total	957,991	1,034,719	8.0%

7.0 FUTURE FINANCIAL OUTLOOK

- 7.1 The Chief Constable and the Police and Crime Commissioner formally update the MTFS annually during the budget setting process.
- 7.2 In December 2021 the government provided policing with an indicative 3 year funding settlement for the period 2022/23 through to 2024/25. This is welcomed for planning purposes as it provides a greater degree of certainty around the overall budget funding levels up to the end of 2024/25. The Government recognised the need to maintain investment in policing with the settlement continuing the investment in the uplift of police officers.
- 7.3 The 2022/23 MTFS provided funding for the ongoing national police officer uplift programme and enabled it to be sustained for the long term. It will enable Devon and Cornwall Police to continue its planned trajectory to increase by a further 188 sworn officers in the next financial year, taking total officer numbers to 3,610.
- 7.4 The MTFS also supported a structured financial approach to facilitate additional and sustainable resources in:
- additional capacity into the contact centre.
 - expansion of the use of vulnerability lawyers following a successful trial.
 - additional support to ensure we treat information properly and in accordance with the law.
- 7.5 Planning for beyond 2022/23 remains very challenging. There is significant activity which will impact on this planning:
- The economic impact of the continuation of the COVID-19 pandemic.
 - The anticipated review of the funding formula. Work has commenced as part of a senior sector group.
 - The long-term funding plans for the uplift in police officers as they progress through incremental scale.
 - Centrally driven ICT programmes such as the replacement of Airwave and the Police National Computer.
- 7.6 There are a number of areas, outside the level of central government grant sensitive to changes in the wider economy. These are:
- The impact of the significant increases in inflation currently being experienced.
 - The interest earned on the reserves which is linked to the bank base rate. These income levels have been further reduced for 2022/23.
 - The fall in the value of sterling against the Euro and the Dollar can lead to some additional inflationary costs. As over 80% of the MTFS budget costs are employment related these costs are relatively protected from this variable. The most significant impact is likely to be on fuel and computer products.

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

8.0 GOVERNANCE ARRANGEMENTS

- 8.1 The Annual Governance Statement is published alongside this document. The joint Annual Governance Statement describes the internal control environment for the Police and Crime Commissioner and the Chief Constable. It also sets out the joint arrangements for managing risk for the Police and Crime Commissioner and the Chief Constable.

9.0 THE STATEMENT OF ACCOUNTS

- 9.1 A brief explanation of the purpose of each of the four primary statements is provided below:

Movement in Reserves Statement - shows the changes in the Chief Constable's financial resources over the year.

Summary Movement in Reserves	Movement 2020/21 £'000	Change £'000	Movement 2021/22 £'000
Surplus or (Deficit) on the Provision of Services	884,657	(1,096,374)	(211,717)
Remeasurement of the net defined benefit (liability) asset	(884,657)	1,096,374	211,717
Total Usable Reserves	0	0	0

The significant change relates to the accounting adjustments for pensions. The accounting adjustments applied have been prepared in accordance with generally accepted accounting practices. They are reversed out of the Chief Constable movement in reserves statement via an intra-group adjustment and shown in the Police and Crime Commissioner accounts.

Comprehensive Income and Expenditure Statement - this statement shows the accounting cost in the year of providing services in accordance with accounting standards. This amount is different to the amount funded by taxation due to the accounting treatment of certain costs such as depreciation and pensions.

Summary Comprehensive Income and Expenditure Statement	Gross Expenditure 2021/22 £'000	Gross Income 2021/22 £'000	Net Expenditure 2021/22 £'000
Cost of Services	504,380	(80,242)	424,138
Pensions Top-Up Grant	0	(53,419)	(53,419)
Pensions Interest	91,160	(6,844)	84,316
Intra-Group Adjustments	(383,823)	140,505	(243,318)
(Surplus)/Deficit on Provision of Services	211,717	0	211,717
Remeasurement of the Pensions Net Defined Benefit Liability (Asset)	(211,717)	0	(211,717)
Total Comprehensive Income and Expenditure	0	0	0

The statement highlights that the expenditure is dominated by the net cost of providing services which is mainly the costs of policing. The other most significant cost is the pensions interest cost and remeasurement of the pension fund. These costs are calculated in accordance with generally accepted accounting practices and reflects the cost of the pensions at the time employees earn their retirement benefits even though the benefits will not actually be payable until employees retire.

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

Balance Sheet as at 31 March 2022 - shows how the resources available to the Chief Constable are held in the form of assets and liabilities.

	Balance as at 31/03/2021 £'000	Balance as at 31/03/2022 £'000	Movement £'000
Summary Balance Sheet			
Long Term Assets	4,273,493	4,180,733	(92,760)
Current Assets	59,268	65,933	6,665
Current Liabilities	(59,268)	(65,933)	(6,665)
Long Term Liabilities	(4,273,493)	(4,180,733)	92,760
Net Assets	0	0	0

Cash Flow Statement - shows how the movement in resources has been reflected in cash flows.

	Cash Flows 2020/21 £'000	Cash Flows 2021/22 £'000
Summary Cash Flow Statement		
Net (Surplus) or Deficit on the Provision of Services	(884,657)	211,717
(Increase)/Decrease in pensions liability	884,657	(211,717)
Net Cash (Inflows)/Outflows from Operating Activities	0	0

- 9.2 The notes to the financial statements include the accounting policies and give further information on the entries within the main statements as well as supplementary information. These are further supplemented by a glossary of terms.

Sandy Goscomb
Chief Financial Officer to the Chief Constable

Further Information:

This publication provides a review of the financial performance of the Chief Constable for 2021/22. It may be read in conjunction with the [Police and Crime Commissioner/Group Accounts](#) and the [Police and Crime Plan](#).

Chief Constable for Devon and Cornwall

**Independent Auditor's Report to the
Chief Constable for Devon and Cornwall**

These Financial Statements have not yet been audited. The audited accounts will be presented to the Independent Audit Committee and published, in accordance with the required statutory timescales.

Chief Constable for Devon and Cornwall

Statement of Responsibilities

The Chief Constable's Responsibilities

The Chief Constable is required to:

- Make arrangements for the proper administration of the financial affairs of Devon and Cornwall Police and to secure that one of his officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer to the Chief Constable
- Manage the affairs of Devon and Cornwall Police to secure economic, efficient and effective use of resources and to safeguard its assets
- Approve the Statement of Accounts.

Approval of the Accounts

I approve the Statement of Accounts.

Jim Colwell
Temporary Chief Constable
TBC

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC "Code of Practice on Local Authority Accounting in the United Kingdom 2021/22" (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Financial Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2022 gives a true and fair view of the financial position of the Chief Constable for Devon and Cornwall at the accounting date and of the income and expenditure for the year ended 31 March 2022.

Sandy Goscomb
Chief Financial Officer to the Chief Constable
TBC



Devon & Cornwall
POLICE

Financial Statements

Chief Constable for Devon and Cornwall

Movement in Reserves Statement

This statement only shows the pension related transactions from the start of the year to the end of the year for 2020/21 and 2021/22 as all reserves are managed by the Police and Crime Commissioner. The financial consequences of the operational activities undertaken by the Chief Constable is shown in the Comprehensive Income and Expenditure Statement.

Current Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021		0	0	0	0	0	0	0
Movement in Reserves								
Surplus or (Deficit) on the Provision of Services		(211,717)	0	0	0	(211,717)	0	(211,717)
Remeasurement of the net defined benefit (liability) asset		211,717	0	0	0	211,717	0	211,717
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Balance at 31 March 2022		0	0	0	0	0	0	0

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020		0	0	0	0	0	0	0
Movement in Reserves								
Surplus or (Deficit) on the Provision of Services		884,657	0	0	0	884,657	0	884,657
Remeasurement of the net defined benefit (liability) asset		(884,657)	0	0	0	(884,657)	0	(884,657)
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Balance at 31 March 2021		0	0	0	0	0	0	0

Chief Constable for Devon and Cornwall

Comprehensive Income and Expenditure Statement

This statement reflects the Police and Crime Commissioner's financial resources consumed by the Chief Constable for 2020/21 and 2021/22. In practice all the respective costs are paid for by the Police and Crime Commissioner. This Statement includes intra-group transactions resulting in a nil balance for Total Comprehensive Income and Expenditure.

2020/21				2021/22			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
398,009	(37,056)	360,953	Chief Constable	504,380	(80,242)	424,138	8
398,009	(37,056)	360,953	Cost of Services	504,380	(80,242)	424,138	
0	(44,545)	(44,545)	Pensions Top Up Grant	0	(53,419)	(53,419)	
(398,009)	81,601	(316,408)	Intra-Group Transaction	(504,380)	133,661	(370,719)	
0	0	0	Cost of Services Net of Pensions Top Up Grant	0	0	0	
			Financing and Investment Income and Expenditure				
82,164	(4,913)	77,251	Pensions Interest	91,160	(6,844)	84,316	19
(82,164)	4,913	(77,251)	Pensions Interest - Intra-Group Transaction	(91,160)	6,844	(84,316)	
(884,657)	0	(884,657)	Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	211,717	0	211,717	19
(884,657)	0	(884,657)	(Surplus)/Deficit on Provision of Services	211,717	0	211,717	
		884,657	Remeasurement of the Net Defined Benefit Liability (Asset)			(211,717)	
		0	Other Comprehensive Income and Expenditure			0	
		0	Total Comprehensive Income and Expenditure			0	

Sandy Goscomb
Chief Financial Officer to the Chief Constable
TBC

Chief Constable for Devon and Cornwall

Balance Sheet

The Chief Constable owns some long term assets and holds current assets and liabilities as well as long term liabilities which relate to employee benefits. The Chief Constable does not hold reserves. The intra-group transaction entries on the Balance Sheet represents the Police and Crime Commissioner's responsibility to provide funds to the Chief Constable over the long term.

31 March 2021		31 March 2022	Notes
£'000		£'000	
	Long Term Assets		
3,809	ICT and Equipment	3,303	9
4,269,684	Pensions Liabilities - Intra-Group Debtor	4,177,430	4
4,273,493	Total Long Term Assets	4,180,733	
	Current Assets		
21,949	Short Term Debtors	27,269	17
12,092	Accumulated Absences - Intra-Group Debtor	11,695	4
867	Provisions Intra-Group Debtor	521	4
24,360	Short Term Creditors - Intra-Group Debtor	26,448	4
59,268	Total Current Assets	65,933	
	Current Liabilities		
(24,360)	Short Term Debtors - Intra-Group Creditor	(27,269)	4
(12,092)	Accumulated Absences	(11,695)	11
(867)	Provisions	(521)	10
(21,949)	Short Term Creditors	(26,448)	18
(59,268)	Total Current Liabilities	(65,933)	
	Long Term Liabilities		
(4,269,684)	Pensions Liabilities	(4,177,430)	19
(3,809)	ICT and Equipment - Intra-Group Creditor	(3,303)	4
(4,273,493)	Total Long Term Liabilities	(4,180,733)	
0	Net Assets	0	

Sandy Goscomb
Chief Financial Officer to the Chief Constable
TBC

Chief Constable for Devon and Cornwall

Cash Flow Statement

The surplus or deficit on the provision of services represents the transfer of funds from the Police and Crime Commissioner to cover the actuarial gains/losses arising from the pension's valuation shown against the increase/decrease in pensions liability line.

2020/21 £'000		2021/22 £'000
(884,657)	Net (Surplus) or Deficit on the Provision of Services	211,717
	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements	
884,657	(Increase)/Decrease in pensions liability	(211,717)
0	Net Cash (Inflows)/Outflows from Operating Activities	0
0	Cash and Cash Equivalents at the end of the reporting period	0



Devon & Cornwall
POLICE

Notes to the Financial Statements

Note 1 Accounting Policies

1. GENERAL PRINCIPLES

The statement of accounts summarises the Chief Constable's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Chief Constable is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Sections 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

The accounting convention adopted in the statement of accounts is principally historical cost modified by the revaluation for certain categories of non-current assets and financial instruments. The financial statements have been prepared with due regard to the going concern principle.

2. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

3. ACCOUNTING POLICY DEVELOPMENTS AND CHANGES

Changes in accounting policies are only made when required by proper accounting practices or if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Chief Constable's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

4. PRIOR PERIOD ADJUSTMENTS, ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Note 1 Accounting Policies Continued

Events taking place after the date of authorisation for issue of the audited accounts are not reflected in the statement of accounts.

6. CONTINGENT LIABILITIES

A contingent liability arises where an event has taken place that gives the Chief Constable a possible obligation whose existence can only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Chief Constable.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

7. JOINT OPERATIONS

The Chief Constable participates in a number of partnership activities. These arrangements involve the Chief Constable carrying out activities relevant to their own functions jointly with others. The Chief Constable accounts for only its share of the jointly controlled assets; and for the liabilities, expenses and income that the Chief Constable incurs with respect to their interest in the partnerships.

8. OVERHEADS AND SUPPORT SERVICES

The cost of overheads and support services are charged to each area that falls under the Chief Constable for accountability and financial performance.

9. EMPLOYEE BENEFITS

9.1 Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement in the Police and Crime Commissioner accounts to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the absence occurs.

9.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate an employee's employment before the normal retirement date. The amount is charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Chief Constable is demonstrably committed to the termination of the employment of an employee. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Police and Crime Commissioner Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards (this only applies to compulsory redundancies). These provisions are shown in the Chief Constable accounts and then offset via an intra-group adjustment.

In the Movement in Reserves Statement in the Police and Crime Commissioner accounts, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Note 1 Accounting Policies Continued

9.3 Post-Employment Benefits

Employees of the Chief Constable are members of four separate pension schemes:

- The Police Officer 1987 Scheme (PPS)
- The Police Officer 2006 Scheme (NPPS)
- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Chief Constable.

9.3.1 Police Officers' Pension Schemes

All Police Officers' Pension Schemes are accounted for as defined benefits schemes.

The liabilities of the Police Officers' Pension Schemes are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projected earnings for current employees.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of all Police Schemes. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

9.3.2 The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration of the past service liability. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

The assets of the Devon County Council pension fund attributable to the Chief Constable are included in the Balance Sheet at their fair value:

- | | | | |
|---|---------------------|---|-----------------------|
| • | quoted securities | - | current bid price |
| • | unquoted securities | - | professional estimate |
| • | unitised securities | - | current bid price |
| • | property securities | - | current bid price |
| • | property | - | market value |

9.3.3 Net Pensions Liability Analysed

The change in the net pension's liability for the Pension Schemes are analysed into the following components:

Service cost comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Chief Constable - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at

Note 1 Accounting Policies Continued

- the beginning of the period to the net defined benefit liability (asset) at the beginning of the period and taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

The return on plan assets excludes the amounts included in net interest on the net defined benefit liability (asset) which is charged to the pensions reserve as other Comprehensive Income and Expenditure. This is only applicable to the Local Government Pension Scheme.

Actuarial gains and losses are changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These changes are charged as other Comprehensive Income and Expenditure.

Benefits paid (only applicable to the Police Officer Pension Schemes):

- cash paid as to pensioners including injury pension payments.

Contributions paid (only applicable to the Local Government Pension Scheme):

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

9.3.4 Police Officers' Injury Benefits

The Chief Constable makes payment under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officers' pension schemes. The figures are included within the unfunded pension calculation as the injury benefits may be financially significant with volatile actuarial gains and losses. These have been estimated by the independent actuary.

9.3.5 Impact on Reserves in the Police and Crime Commissioner accounts

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Police and Crime Commissioner Group to the pension fund in the year, not the amount calculated according to the relevant accounting standards. These provisions are shown in the Chief Constable accounts and then offset via an intra-group adjustment. In the Movement in Reserves Statement in the Police and Crime Commissioner accounts, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

9.4 Discretionary Benefits

The Chief Constable also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

10. PROVISIONS

Provisions are made where an event has taken place that gives the Chief Constable a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Chief Constable has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation taking into account the relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed (or reduced) and credited back to the Comprehensive Income and Expenditure Statement.

Note 1 Accounting Policies Continued

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as the income for the relevant service if it is virtually certain that the reimbursement will be received if the Chief Constable settles the obligation.

Provision is made for termination payments due to staff resulting from restructuring when the Chief Constable has raised a valid expectation to the staff affected that it will carry out restructuring by starting to implement a particular restructuring plan or announcing its main features to those affected by it. Each element of any Force restructuring plan will be treated separately and provision made of the estimated termination payments as and when each element of the plan is announced.

11. PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment. Property, plant and equipment and intangible assets are accounted for in the Police and Crime Commissioner accounts with the exception of certain operational assets, which are set out in the Scheme of Consent. These operational assets are offset on the Balance Sheet by a long term liability representing the requirement that the Chief Constable pays for these assets over their operational life. The long term liability will be written down in line with the depreciation policy as set out in the note.

The expenditure within the Comprehensive Income and Expenditure Statement of the Chief Constable includes a charge for use of property, plant and equipment and intangible assets based on the fair value of the assets used by the Chief Constable to deliver a policing service. The accounting policies of the Group in relation to depreciation are set out within the financial statements of the Police and Crime Commissioner.

11.1 Recognition

Expenditure on the acquisition, creation or enhancement is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Chief Constable for more than one year and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as it is incurred.

11.2 Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are carried in the Balance Sheet using the following measurement bases:

- | | | |
|-----------------------------|---|-----------------------------|
| • ICT | - | depreciated historical cost |
| • Equipment | - | depreciated historical cost |
| • Assets under construction | - | historical cost |

11.3 Depreciation

Depreciation is provided for all ICT and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life and assets that are not yet available for use (i.e. asset under construction).

Depreciation is calculated on the following bases:

- Information and Communications Technology (ICT) – depreciation is charged monthly, using the straight-line allocation, from the first of the month of acquisition starting in the year of acquisition. The asset life of individual groups of assets has been assessed and each group is depreciated individually according to asset life.
- Equipment – these assets are given specific asset lives and are depreciated monthly, using the straight-line allocation.

Note 1 Accounting Policies Continued

11.4 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether plant, equipment and vehicles) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written off value of disposals is not charged against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing as shown in the Police and Crime Commissioner Group accounts together with the amounts that are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

12. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

13. EXCEPTIONAL ITEMS

When items of expenditure are outside the normal type of expenditure incurred by the Chief Constable they will be disclosed separately on the face of the Comprehensive Income and Expenditure Statement if they are material and separate disclosure would be made to aid the understanding of the Chief Constable's financial performance.

14. CHARGES TO REVENUE NON-CURRENT ASSETS

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service

The Police and Crime Commissioner is not required to raise council tax to fund the depreciation that is charged against the Chief Constable's Comprehensive Income and Expenditure Statement. However, there is a requirement to make an annual contribution from revenue to contribute towards the reduction in the overall borrowing requirement (calculated on a prudent basis determined by the Group in accordance with statutory guidance). Depreciation is therefore replaced by the contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two as shown in the Police and Crime Commissioner Group accounts.

15. COST AND INTRA-GROUP RECOGNITION

In practice, all income is received by the Police and Crime Commissioner and all expenditure is paid by the Police and Crime Commissioner from the Police Fund. No actual cash transactions or events take place between the two entities. From an accounting perspective, costs are recognised within the Chief Constable's accounts to reflect the financial resources consumed at the request of the Chief Constable. The income recognised in the Chief Constable's accounts is the income collected by the Police and Crime Commissioner on behalf of the Chief Constable.

Note 2 Accounting Standards Issued, Not Adopted

Appendix C of the CIPFA code requires Local Authorities to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards introduced in the 2021/22 Code do not apply to the Chief Constable accounts.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Chief Constable has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements in the Statement of Accounts are:

- The Police and Crime Commissioner Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA Service Reporting Code of Practice and the Police Reform and Social Responsibility Act. Further detail is shown in Note 4.
- Estimation of the pension element of the provision (set out above) is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cashflows.

Note 4 The Chief Constable as an Accounting Entity

The Chief Constable is part of an accounting group along with the Police and Crime Commissioner (referred to as the Police and Crime Commissioner (PCC) Group). The accounting recognition of the Group's assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice.

The Police and Crime Commissioner receives all government funding and income and the Chief Constable does not hold any cash or reserves. When the Police and Crime Commissioner's resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies. A long term debtor has been established in the Chief Constable's Balance Sheet to reflect the continuing requirement on an elected policing body, as required under the Police Reform and Social Responsibility Act 2011, for the Police and Crime Commissioner to provide funds to the Chief Constable for the payment of pensions and other employee benefits. Should the Police and Crime Commissioner be required to settle future pension liabilities, there is no long-term expectation that the Home Office will provide this funding. Similarly, the Chief Constable could not be expected to fund the liability as the Chief Constable (the current grant arrangements notwithstanding) has no assets, cash reserves, income receipts or other sources of funding. It is reasonable to expect that should the Police and Crime Commissioner Group be required to settle future pension liabilities (however unlikely this may be), then settlement would result in an outflow of resources from the Police and Crime Commissioner.

For accounting and regulatory purposes, the Police and Crime Commissioner and the Chief Constable are classed as Local Authorities and are covered by the CIPFA Code of Practice for Local Authority Accounting 2021/22.

The financial consequences of the activity under the control of the Chief Constable are shown in these accounts. As the Chief Constable does not hold reserves, the Comprehensive Income and Expenditure Statement shows the gross cost of policing which is offset by intra-group adjustments to reflect the payments and accruals made by the Police and Crime Commissioner at the request of the Chief Constable. The result of these adjustments is that the Chief Constable has a nil balance on his General Fund. The intra-group adjustments are mirrored in the Police and Crime Commissioner's Accounts. The intra-group transactions are summarised in the table below.

Chief Constable for Devon and Cornwall

Note 4 The Chief Constable as an Accounting Entity Continued

All of the assets and liabilities and reserves of the PCC Group with the following exceptions are recognised on the Police and Crime Commissioner's Balance Sheet. The exceptions are:

- Employment liabilities for officers and staff under the direction of the Chief Constable are recognised on the Chief Constable's Balance Sheet. The liability in the Chief Constable's Balance Sheet for these items is offset by a long term debtor reflecting the Police and Crime Commissioner's responsibility to provide funds from the Police Fund each year to enable the Chief Constable to administer the police pensions.
- Certain categories of long term and current assets are shown on the Chief Constable's Balance Sheet. These assets are offset in the Balance Sheet by a long term and short term creditor respectively.
- Certain categories of current liabilities are shown on the Chief Constable Balance Sheet. These liabilities are offset in the Balance Sheet by a short term debtor.

Intra-Group Transactions		2020/21		2021/22	
Comprehensive Income and Expenditure Statements	Chief Constable	Police and Crime Commissioner	Chief Constable	Police and Crime Commissioner	
	£'000	£'000	£'000	£'000	
Net Cost of Policing	(316,408)	316,408	(370,719)	370,719	
Pensions Interest Cost - Intra-Group Transaction	(77,251)	77,251	(84,316)	84,316	
Actuarial (Gains)/Losses on Pensions Funds - Intra-Group Transaction	(884,657)	884,657	211,717	(211,717)	
Balance Sheet	Chief Constable	Police and Crime Commissioner	Chief Constable	Police and Crime Commissioner	
	£'000	£'000	£'000	£'000	
Long Term Assets/Liabilities					
Pensions Liabilities	(4,269,684)	0	(4,177,430)	0	
Pensions Liabilities - Intra-Group Debtor	4,269,684	0	4,177,430	0	
Pensions Liabilities - Intra-Group Creditor	0	(4,269,684)	0	(4,177,430)	
ICT and Equipment Assets	3,809	0	3,303	0	
ICT and Equipment - Intra-Group Creditor	(3,809)	0	(3,303)	0	
ICT and Equipment - Intra-Group Debtor	0	3,809	0	3,303	
Current Assets/Liabilities					
Current Liabilities	(37,319)	0	(38,664)	0	
Current Liabilities - Intra-Group Debtors	37,319	0	38,664	0	
Current Liabilities - Intra-Group Creditors	0	(37,319)	0	(38,664)	
Current Assets	21,949	0	27,269	0	
Current Assets - Intra-Group Creditors	(21,949)	0	(27,269)	0	
Current Assets - Intra-Group Debtors	0	21,949	0	27,269	
Unusable Reserves					
Intra-Group Transactions	0	(4,281,245)	0	(4,185,522)	

When the Balance Sheets for the two corporate bodies are consolidated into the Group Balance Sheet these intra-group transactions are eliminated.

Note 5 Events after the Reporting Period

The draft Statement of Accounts were authorised for issue on 13 June 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Police and Crime Commissioner Group about the future or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The item in the Chief Constable's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

6.1 Pensions Liability

Uncertainties

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Pension fund assets (relevant in the case of the Local Government Pension Scheme) are measured at fair value which requires reference to the market conditions held at the measurement date. As a result of the COVID-19 pandemic, the market has been subject to volatility in 2020/21 and 2021/22, however markets have continued trading and information was available to measure the fund assets at the measurement date. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.

Valuation Assumption

The assumptions recommended by the actuaries have been considered and approved for use in the valuing of the pension liabilities. These assumptions are set out in the Defined Benefit Pension Schemes Note.

A remedy process to resolve the age discrimination of the pension changes resulting from the reform of public service pension schemes has been published by HM Treasury. The Treasury has confirmed that: legacy schemes would be closed from 31 March 2022; a remedy has would be introduced for the period 2015-2022 based on a deferred choice underpin basis; and eligibility criteria for members to access the remedy. From 1 April 2022, members are assumed to accrue benefits in the career average revalued earnings (CARE) scheme. The estimated impact of McCloud/Sargeant has been factored into the IAS19 pension valuations estimates since 2018/19. These estimates have evolved as assumptions underpinning them have evolved.

Settlement and curtailment events are assumed to be material and are remeasured using current assumptions and the fair value of plan assets at the time of the event.

Effect if Actual Results Differ from Assumptions

The effects on the net pension's liability of changes in individual assumptions are shown in the Defined Benefit Pension Schemes Note.

Chief Constable for Devon and Cornwall

Note 7 Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used by the Chief Constable. All costs are paid for by the Police and Crime Commissioner which is funded from government grants, council tax and other income. The Police and Crime Commissioner meets the Chief Constable's expenditure in full by an intra-group transaction. There is no net expenditure chargeable to the General Fund.

2021/22							
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure in the CIES	Intra-Group Adjustments			
				Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
				(Note 7.1)	(Note 7.2)	(Note 7.3)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	342,468	81,670	424,138	5,927	88,566	(12,823)	(81,670)
Cost of Services	342,468	81,670	424,138	5,927	88,566	(12,823)	(81,670)
Pension Top Up Grant	0	(53,419)	(53,419)	0	(53,419)	0	53,419
Intra-Group Transaction	(342,468)	(28,251)	(370,719)	(5,927)	(35,147)	12,823	28,251
Cost of Services Net of Pensions Top Up Grant	0	0	0	0	0	0	0
Financing and Investment Income and Expenditure	0	211,717	211,717	0	211,717	0	211,717
(Surplus)/Deficit on the Provision of Services	0	211,717	211,717	0	211,717	0	211,717

Chief Constable for Devon and Cornwall

Note 7 Expenditure and Funding Analysis Continued

2020/21							
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure in the CIES	Intra-Group Adjustments			
				Adjustments for Capital Purposes (Note 7.1)	Net Change for Pensions Adjustments (Note 7.2)	Other Differences (Note 7.3)	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	325,506	35,447	360,953	8,629	33,663	(6,845)	(35,447)
Cost of Services	325,506	35,447	360,953	8,629	33,663	(6,845)	(35,447)
Pension Top Up Grant	0	(44,545)	(44,545)	0	(44,545)	0	44,545
Intra-Group Transaction	(325,506)	9,098	(316,408)	(8,629)	10,882	6,845	(9,098)
Cost of Services Net of Pensions Top Up Grant	0	0	0	0	0	0	0
Financing and Investment Income and Expenditure	0	(884,657)	(884,657)	0	(884,657)	0	(884,657)
(Surplus)/Deficit on the Provision of Services	0	(884,657)	(884,657)	0	(884,657)	0	(884,657)

Chief Constable for Devon and Cornwall

Note 7 Expenditure and Funding Analysis Continued

7.1 Adjustment for Capital Purposes

This column deducts the depreciation, minimum revenue provision, finance lease and revenue contributions from the cost of the Chief Constable's services and then offset via an intra-group adjustment.

7.2 Net Change for Pensions' Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** – this represents the removal of the employer pension contributions made by the Group on behalf of the Chief Constable as allowed by statute and the replacement with current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

These contributions and charges are shown in the Chief Constable accounts and then offset via an intra-group adjustment.

7.3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and the amounts payable/receivable such as accumulated absences are recognised in the Chief Constable accounts and then offset via an intra-group adjustment.

7.4 Chief Constable Outturn

The Chief Constable reported outturn is the sum of the amount disclosed against the Chief Constable line plus interest payable and interest and investment income. In the Statement of Accounts, the interest payable and interest and investment income is under the control of the Police and Crime Commissioner and shown under the category financing and investment income and expenditure.

Note 8 Expenditure and Income Analysed by Nature

2020/21 Restated* £'000	Expenditure/Income	2021/22 £'000
	Expenditure	
323,099	Employee benefit expenses	389,751
60,242	Other service expenses	101,065
14,668	Depreciation, amortisation, impairment	13,564
398,009	Total Expenditure	504,380
	Income	
(17,717)	Fees, charges and other service income*	(24,399)
(19,339)	Government Grants and contributions*	(55,843)
(44,545)	Pension Top Up Grant*	(53,419)
(81,601)	Total Income	(133,661)
	Cost of Services including the Pension Top Up Grant and excluding the Intra-Group Transaction	
316,408		370,719

* Fees, charges and other service income and government grants and contributions have been restated as some grants credited to services had previously been included in fees, charges and other service income. The Pension Top Up Grant has been added to allow direct comparison to the Comprehensive Income and Expenditure Statement.

Chief Constable for Devon and Cornwall

Note 9 ICT and Equipment

This table sets out the ICT and Equipment held by the Chief Constable.

31 March 2021			Movements	31 March 2022		
Operational Assets	Assets Under Construction			Operational Assets	Assets Under Construction	
ICT and Equipment	ICT and Equipment	Total		ICT and Equipment	ICT and Equipment	Total
£'000	£'000	£'000	Cost	£'000	£'000	£'000
6,172	1,514	7,686	Balance at 1 April	6,714	1,885	8,599
470	371	841	Additions	311	216	527
0	0	0	Disposals	(1,650)	0	(1,650)
72	0	72	Reclassification	2,279	(2,101)	178
6,714	1,885	8,599	Balance at 31 March	7,654	0	7,654
Accumulated Depreciation						
(3,619)	0	(3,619)	Balance at 1 April	(4,790)	0	(4,790)
(1,165)	0	(1,165)	Depreciation Charge	(1,210)	0	(1,210)
0	0	0	Disposals	1,650	0	1,650
(6)	0	(6)	Reclassification	(1)	0	(1)
(4,790)	0	(4,790)	Balance at 31 March	(4,351)	0	(4,351)
Net Book Value						
2,552	1,514	4,067	31 March 2020	0	0	0
1,924	1,885	3,809	31 March 2021	1,924	1,885	3,809
0	0	0	31 March 2022	3,303	0	3,303

9.1 Recognition

Expenditure on an individual item or a project or programme of work is capitalised when the following de-minimis level is met:-

- ICT £20k
- Equipment £20k

9.2 Depreciation

A review of asset lives has taken place in 2021/22 and the useful life for some assets has been amended. The following useful lives and approaches to depreciation have been used to calculate depreciation charges:

9.2.1 Information and Communications Technology (ICT)

Classes of ICT assets are given specific asset lives. These are within the range 3-10 years. ICT assets are depreciated monthly over the forecast useful life of the asset.

9.2.2 Equipment

Equipment assets are given specific asset lives that are within the range 3-10 years. These assets are depreciated monthly over the forecast useful life of the asset.

Note 9 ICT and Equipment Continued

9.3 Asset Transfers

There were two assets transferred from the Police and Crime Commissioner to the Chief Constable in 2021/22 amounting to £176k.

9.4 Componentisation

Component assets are recognised separately from the main asset that they are associated with when the value of the component is more than 20% and greater than £2.5m of the main asset value. No assets have met the criteria in 2021/22.

9.5 Derecognition

An annual review of assets classed as ICT and Equipment on the asset register has been undertaken which has resulted in derecognition of a number of assets that have reached the end of their useful lives or which have been disposed.

Note 10 Provisions

2021/22	Remuneration £'000	Other £'000	Total £'000
Current Liabilities			
Balance at 1 April 2021	(539)	(328)	(867)
Additional provisions made	(66)	(22)	(88)
Amounts used/reversed	106	328	434
Balance at 31 March 2022	(499)	(22)	(521)

2020/21	Remuneration £'000	Other £'000	Total £'000
Current Liabilities			
Balance at 1 April 2020	(436)	(328)	(764)
Additional provisions made	(111)	0	(111)
Amounts used	8	0	8
Balance at 31 March 2021	(539)	(328)	(867)

10.1 Remuneration Provision

10.1.1 Contractual pay claims

The current level of the provision is estimated to be sufficient to meet known claims. These payments are expected to be made in 2021/22.

10.1.2 Employment termination benefits

Judgements are applied in determining the level of the redundancy provision.

10.1.3 Other Provisions

In 2020/21 a provision was made for the compensation of the originating claimants regarding the public service pension scheme reform. This provision has been removed in 2021/22 as the compensation will be paid by the Home Office.

Chief Constable for Devon and Cornwall

Note 11 Accumulated Absences

The Chief Constable provides benefits to employees in the form of annual leave. In addition, staff who work hours in excess of their contract hours may be awarded time off in lieu. These are accumulating absences that may be carried forward for use in future periods. The obligation to make future payments is recognised in the Comprehensive Income and Expenditure Statement and is a liability on the Chief Constable's Balance Sheet as follows:

2020/21		2021/22
£'000		£'000
(9,419)	Balance at 1 April	(12,092)
9,419	Settlement or cancellation of accrual made at the end of the preceding year	12,092
(12,092)	Amounts accrued at the end of the current year	(11,695)
(2,673)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	397
(12,092)	Balance at 31 March	(11,695)

The increase in 2020/21 can be explained by officers and staff carrying forward more leave than in previous years, likely due to the COVID-19 pandemic. Although there has been a reduction, the balance as at 31 March 2022 remains high and above pre-pandemic levels.

Note 12 External Audit Costs

The Chief Constable has incurred the following costs in relation to the audit of the Statement of Accounts:

2020/21		2021/22
£'000		£'000
22	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	22
22		22

The 2020/21 fee has been approved, by the Public Sector Audit Appointments (PSAA); the body responsible for appointing the auditors. The 2021/22 figures have been updated to show the approved fees. This information was received after the publication of the draft accounts.

Chief Constable for Devon and Cornwall

Note 13 Officers' Remuneration

13.1 Remuneration

This note shows the officer remuneration costs for officers and staff employed by the Chief Constable above the rank of Superintendent and the staff equivalent:

2021/22	Note	Salary, Fees and Allowances £	Bonuses, Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
Chief Constable							
Salary £150,000 plus per year							
Chief Constable - Shaun Sawyer		181,668	0	4,726	186,394	0	186,394
Salary £50,000 to £149,999 per year							
Deputy Chief Constable (Seconded to Home Office) to 30/04/21	2	35,325	0	0	35,325	0	35,325
T/Deputy Chief Constable 01/04/21 to 11/07/21 - Assistant Chief Constable from 12/07/21	2	138,617	0	0	138,617	38,803	177,420
Assistant Chief Constable		132,164	300	0	132,464	36,958	169,422
T/Assistant Chief Constable 01/04/21 to 30/09/21 - Chief Superintendent 01/10/21 to 31/01/22 – Assistant Chief Constable from 01/02/22		111,784	0	0	111,784	33,523	145,307
Assistant Chief Constable to 11/07/21 - Deputy Chief Constable from 12/07/21	2	144,352	0	434	144,786	41,711	186,497
T/Assistant Chief Constable to 31/01/22 - Chief Superintendent from 01/02/22		116,023	0	0	116,023	32,014	148,037
Chief Superintendent		93,774	0	0	93,774	28,442	122,216
Assistant Chief Officer - People		120,362	4,467	0	124,829	18,021	142,850
Director of Legal Services	1	123,059	4,467	974	128,500	18,461	146,961
Chief Financial Officer (Director of Finance and Resources)		123,059	4,467	0	127,526	18,461	145,987
Chief Superintendent to 18/01/22		74,831	500	0	75,331	22,270	97,601
Chief Superintendent (Seconded to MET) from 19/01/22	4	19,449	0	0	19,449	5,727	25,176
Chief Superintendent to 05/09/21 - Assistant Chief Constable from 06/09/21		104,858	0	0	104,858	30,642	135,500
Chief Superintendent		93,618	0	0	93,618	28,050	121,668
Chief Superintendent		94,026	0	0	94,026	28,442	122,468
Chief Superintendent		92,145	500	0	92,645	27,964	120,609
Chief Superintendent		92,069	500	0	92,569	28,039	120,608
Chief Superintendent from 01/09/21		52,314	0	0	52,314	14,049	66,363
Chief Superintendent from 05/07/21		65,440	0	0	65,440	19,931	85,371
Chief Superintendent - 26/04/21 to 31/01/22		67,422	0	0	67,422	20,901	88,323
Chief Superintendent - 01/09/21 to 31/01/22		36,780	0	0	36,780	11,234	48,014
Chief Superintendent from 03/01/22		23,087	0	0	23,087	6,958	30,045

Chief Constable for Devon and Cornwall

Note 13 Officers' Remuneration Continued

2020/21	Note	Salary, Fees and Allowances £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
Chief Constable							
Salary £150,000 plus per year							
Chief Constable - Shaun Sawyer		179,859	0	4,726	184,585	17,385	201,970
Salary £50,000 to £149,999 per year							
Deputy Chief Constable from 01/04/20 to 26/11/20	2	103,105	0	0	103,105	30,024	133,129
Deputy Chief Constable (Seconded to Home Office) from 27/11/20	3	52,502	0	0	52,502	0	52,502
Assistant Chief Constable to 08/11/20 - Deputy Chief Constable from 09/11/20		136,383	0	259	136,642	38,110	174,752
Assistant Chief Constable from 02/11/20		54,701	0	0	54,701	15,297	69,998
Assistant Chief Constable		108,574	0	0	108,574	32,403	140,977
Assistant Chief Constable to 07/04/20		11,843	0	0	11,843	701	12,544
Assistant Chief Constable		126,534	0	1,289	127,823	36,188	164,011
Chief Superintendent to 30/11/20 - Assistant Chief Constable from 01/12/20		103,114	0	0	103,114	28,153	131,267
Assistant Chief Constable to 31/10/20 - Chief Superintendent from 01/11/20		103,646	0	0	103,646	27,479	131,125
Assistant Chief Officer - People		112,871	4,467	0	117,338	16,621	133,959
Director of Legal Services	1	121,909	4,467	2,999	129,375	18,071	147,446
Director of Finance & Resources		121,909	4,467	0	126,376	18,071	144,447
Chief Superintendent		90,354	0	0	90,354	26,885	117,239
Chief Superintendent		87,931	0	0	87,931	26,902	114,833
Chief Superintendent		90,592	0	0	90,592	26,971	117,563
Chief Superintendent from 01/12/20 to 31/03/21		29,386	0	0	29,386	8,564	37,950
Chief Superintendent to 31/05/20		14,620	0	773	15,393	4,532	19,925
Chief Superintendent		92,662	0	0	92,662	27,731	120,393
Chief Superintendent		88,945	0	0	88,945	26,833	115,778
Chief Superintendent to 31/05/20		19,989	0	0	19,989	4,625	24,614
Chief Superintendent		90,294	0	0	90,294	26,954	117,248
Chief Superintendent to 04/10/20		47,917	0	0	47,917	14,238	62,155

Chief Constable for Devon and Cornwall

Note 13 Officers' Remuneration Continued

13.1 Notes

1. The Director of Legal Services provides a service to Devon and Cornwall Police and Dorset Police. The contract of employment is with Devon and Cornwall Police and for this reason the remuneration disclosure is made in the Statement of Accounts for Devon and Cornwall Police. Dorset Police meets a proportion of the costs of this post.
2. The Deputy Chief Constables for Devon and Cornwall Police and Dorset Police provide specific services across both forces. Their employment and associated costs are disclosed within the Statement of Accounts for each of their respective forces.
3. The costs of the Deputy Chief Constable seconded to the Home Office have been met by the Home Office from 27/11/2020 to 30/04/2021.
4. The costs of the Chief Superintendent seconded to the Metropolitan Police have been met by the Metropolitan Police.

13.2 Termination Costs

The total termination costs (exit costs) shown in the table below are the payments made to individuals plus payments to recompense the pension fund for the strain calculated on an actuarial basis in 2020/21 and 2021/22. They relate to staff employed by the Chief Constable. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of cost with Dorset Police. The adjustments are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £'000	2021/22 £'000
£0 – £20,000	0	0	17	6	17	6	195	23
£20,001 - £40,000	0	0	2	0	2	0	58	0
£40,001 - £60,000	0	0	5	0	5	0	244	0
£60,001 - £80,000	0	0	3	0	3	0	213	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001- £160,000	0	0	0	2	0	2	0	280
Total included in bandings and in CIES	0	0	27	8	27	8	710	303
Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement								
Redundancy cost recharged to Dorset Police as part of Strategic Alliance agreement							(3)	0
Redundancy cost recharged from Dorset Police as part of Strategic Alliance agreement							0	3
Exit Costs charged to the Comprehensive Income and Expenditure Statement							707	306

Chief Constable for Devon and Cornwall

Note 13 Officers' Remuneration Continued

13.3 Remuneration Bands

The figures presented below do not include the remuneration of the senior employees and relevant police officers as they have been disclosed separately but do include other police staff and police officers remuneration.

2020/21		2021/22
Number of employees	Remuneration Band	Number of employees
318	£50,000 - £54,999	457
207	£55,000 - £59,999	275
56	£60,000 - £64,999	118
26	£65,000 - £69,999	36
16	£70,000 - £74,999	16
7	£75,000 - £79,999	16
8	£80,000 - £84,999	8
7	£85,000 - £89,999	8
0	£90,000 - £94,999	0
1	£95,000 - £99,999	1
0	£100,000 - £104,999	1
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	1
646	Total	937

The above table does not include staff and officers paid below £50,000 who make up approximately 85% of the workforce.

Pay scales for police officers are set nationally.

Note 14 Related Party Transactions, Partnerships and Collaborations

14.1 Related Party Transactions

The Chief Constable is required to disclose material transactions with related parties, including the Police and Crime Commissioner, central government, other local authorities, members, senior officers and their close families. At present all transactions are managed through the Police and Crime Commissioner's Fund Account and are reported in the Group accounts. For this reason, the Chief Constable does not have any transactions with external bodies. Details of the related parties in terms of transactions undertaken at the request of the Chief Constable are as follows:

14.1.1 Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all senior officers explaining the need for disclosure. The Director of Finance and Resources represents the Chief Constable as a trustee of the Museum of Policing in Devon and Cornwall (MoPiDaC). No remuneration is received by the Director and MoPiDaC is not recognised in the accounts beyond force contributions to support its activities. The Director is also a member of the South West Audit Partnership (SWAP) that supplies internal audit services to the Force. In order to receive the services, Forces have to nominate a member. No personal benefit is received by the Director of Finance and Resources from these arrangements.

The Assistant Chief Officer (People) is a non-executive director on the College of Policing Board. The Board position is reserved for a member of police staff and no remuneration is received.

Chief Constable for Devon and Cornwall

Note 14 Related Party Transactions, Partnerships and Collaborations Continued

14.2 Partnerships

14.2.1 Partnerships

The Peninsular Road Safety Partnership was replaced with the Vision Zero South West Road Safety Partnership with effect from 9 August 2021. The partnership is a collaborative arrangement between a number of local organisations (including Highways England, Councils and Fire and Rescue organisations from across the force area), and governance is provided by a Partnership Governance Board.

2020/21		Partnerships	2021/22	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
2,602	(2,602)		2,480	(2,480)
		Vision Zero South West		

The table above shows expenditure that has passed through the Chief Constables accounts. There are no significant jointly controlled assets or liabilities as at 31 March 2022.

14.3 Collaborations

The Police and Crime Commissioner's Group have signed up to a number of joint operations. This involves joint working with specified Police Forces as part of a collaborative agreement. Part of the joint arrangement is to share control and have rights to net assets. Only significant partnerships are disclosed. The table below shows the regional activities.

2020/21		Notes	Joint Operation	2021/22
Expenditure £'000				Expenditure £'000
1,155	1		South West Regional Special Branch	1,113
6,652	2		South West Regional Forensics Services	6,949
515	3		South West Police Procurement Services	482
3,200	4		South West Regional Organised Crime Unit (ROCU)	3,599
458	5		South West Regional Programme	407
32	6		South West Disaster Victim Identification & Casualty Bureau Co-ordination	28
12,012				12,578

14.3.1 South West Regional Special Branch

South West Regional Special Branch is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. Each Force has a committed number of staff who are based within their own Force area but work on behalf of the four Forces. The Force cost for the year was £1,113k. The total cost of £3,851k is split on a percentage basis, with Dorset Police contributing 23.9%, Avon and Somerset contributing 28.4%, Wiltshire Police contributing 18.8% and Devon and Cornwall contributing 28.9%.

14.3.2 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. There are bases in all four Forces, with each Force employing a number of staff. The Force cost for the year was £6,949k. Most of the £22,089k total cost is split on a percentage basis, with Dorset contributing 18.7%, Avon and Somerset contributing 36.6%, Wiltshire contributing 14.2% and Devon and Cornwall contributing 30.5%.

Note 14 Related Party Transactions, Partnerships and Collaborations Continued

14.3.3 South West Police Procurement Services

South West Police Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police, Dorset Police and from 1 May 2021, Avon and Somerset Police. Staff are employed by Devon and Cornwall Police and based across the region. The Force cost for the year was £482k. Most of the £1,475k total cost is split on a percentage basis with Dorset contributing 13.94%, Wiltshire Police contributing 12.33%, Gloucestershire Police contributing 12.24%, Devon and Cornwall contributing 32.65% and Avon & Somerset contributing 28.84%.

14.3.4 South West Regional Organised Crime Unit (ROCU)

South West ROCU is a partnership with Dorset Police, Wiltshire Police, Gloucestershire Police and Avon and Somerset Police as the lead Force. Staff are employed by each partnering Police Force based within one of two hubs (North and South). The Force cost for the year was £3,599k. The total cost of £11,314k is split on a percentage basis with Dorset Police contributing 13.49%, Devon and Cornwall contributing 31.81%, Wiltshire contributing 12.08%, Gloucestershire contributing 11.94% and Avon and Somerset contributing 30.68%.

14.3.5 South West Regional Programme

The South West Regional Programme is a partnership with Dorset Police, Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects. Costs are shared with the Forces that are involved in each project. The Force cost for the year was £407k. The total cost of £1,279k is split on a percentage basis with Dorset Police contributing 13.49%, Devon and Cornwall contributing 31.81%, Wiltshire contributing 12.08%, Gloucestershire contributing 11.94% and Avon and Somerset contributing 30.68%.

14.3.6 South West Disaster Victim Identification & Casualty Bureau Co-ordination

The South West Disaster Victim Identification and Casualty Bureau Co-ordination is a partnership with Dorset Police, Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The co-ordination consists of a small team that are ready to respond to a DVI/CB event. Costs are shared with the Forces that are involved in each project. The Force cost for the year was £28k. The total cost of £89k is split on a percentage basis with Dorset Police contributing 13.49%, Devon and Cornwall contributing 31.81%, Wiltshire contributing 12.08%, Gloucestershire contributing 11.94% and Avon and Somerset contributing 30.68%.

Note 15 Contingent Liabilities

15.1 Compensation Claims

Claimants have lodged claims for compensation regarding the public service pension scheme reform. Claims considered as part of the first tranche will be covered by the Home Office and the provision made in 2020/21 removed from the 2021/22 accounts. The Group have been made aware of further claims but the exact number has not been confirmed and therefore no liability in respect of these compensation claims is recognised in the accounts.

Chief Constable for Devon and Cornwall

Note 16 Capital Expenditure and Financing

Within the four-year financial planning model, the Police and Crime Commissioner approves an annual capital programme to provide buildings, vehicles and other equipment for the Force. Part of the capital programme relates to non-current assets under the ownership and control of the Chief Constable. The table below shows what was spent on assets owned by the Chief Constable with the finance being provided by the Police and Crime Commissioner.

2020/21 £'000		2021/22 £'000
0	Opening Capital Financing Requirement	0
	Capital Investment:	
841	Equipment and ICT	527
841		527
	Less Sources of Finance:	
(841)	Delegation from Police and Crime Commissioner	(527)
(841)		(527)
0	Increase/(Decrease) in Capital Financing Requirement	0
0	Closing Capital Financing Requirement	0

Note 17 Debtors

31 March 2021 Restated £'000		31 March 2022 £'000
11,559	Central government bodies	14,823
5,309	Other local authorities	5,565
5,081	Other entities and individuals*	6,881
21,949	Total Debtors	27,269

*There has been a presentational change to this table. The National Health Service line which had a balance of £2k in 2020/21 has been included in other entities and individuals.

Note 18 Creditors

31 March 2021 £'000		31 March 2022 £'000
(5,478)	Central government bodies	(6,036)
(4,159)	Other local authorities	(7,759)
(98)	National Health Service	(8)
(14,625)	Other entities and individuals	(12,645)
(24,360)	Total Creditors	(26,448)

Note 19 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and staff, the Chief Constable makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. During 2021/22, the Chief Constable operates four pension schemes, three for police officers and one for police staff. All are defined benefits schemes, providing members with benefits based on their pensionable pay and length of service. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary.

Following successful claims by individuals against the transitional arrangements for many public sector schemes, the Public Service Pensions and Judicial Offices Act was passed in March 2022. This puts in place legislative changes to provide a remedy for members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. The valuation provided reflects this legislation.

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change. Funding arrangements are still under consideration by the Home Office. The Police Pension Fund Regulations 2007 require the Police and Crime Commissioner Group to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the Group in the form of a central government top-up grant.

A similar adjustment has been made for the Local Government Pension Scheme.

19.1 Police Officer Schemes

19.1.1 Participation in Pension Schemes

From 1 April 2015 both the 1987 and 2006 Police Officers' pension schemes were replaced by a new scheme with a future accrual based on the career average retained earnings (CARE) model for new entrants. Both final salary police schemes closed from April 2015, however, there is protection for those who were members of the scheme prior to April 2012, who will be entitled to the benefits which would have accrued in their legacy scheme up to April 2022, at the point of their retirement. The new scheme is open to all newly recruited officers. The police officer pension schemes are unfunded defined benefit final salary schemes administered by the Chief Constable for Devon and Cornwall, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Pensions are financed from the Chief Constable's and employee's (police officers) contributions. Any deficit is met by the Home Office in the form of a top up grant. The Chief Constable's and the employee contributions are paid into a separate Police Officers' Pension Fund Account.

Police Pension Fund Regulations require Police and Crime Commissioners to transfer a sum not exceeding the amount that the Police Pensions Fund is in deficit at 31 March from the Police and Crime Commissioner's General Fund into the Police Pensions Fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Police and Crime Commissioner, who then must repay the amount to central government. The Chief Constable makes payments under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officer pension scheme. The independent actuary has estimated the costs and they are included within Police Officers scheme disclosure.

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

19.1.2 Reconciliation of present Value of the Scheme of Liabilities (Defined Benefit Obligation)

2020/21 £'000		2021/22 £'000
(3,112,748)	Opening balance at 1 April	(3,958,901)
(55,779)	Current service cost	(105,906)
(72,174)	Interest cost	(78,241)
(16,182)	Contributions from scheme participants	(16,740)
	Remeasurement gains and (losses):	
70,557	• Actuarial gains/(losses) arising from changes in demographic assumptions	0
(712,686)	• Actuarial gains/(losses) arising from changes in financial assumptions	166,251
(159,534)	• Experience gains/(losses) on defined benefit obligation	(7,118)
98,154	Benefits paid	109,443
0	Past service costs, including curtailments	0
1,491	Injury pension payments	1,547
(3,958,901)	Closing balance at 31 March	(3,889,665)

19.1.3 Transactions relating to Retirement Benefits

The Chief Constable recognises the cost of retirement benefits for police officers in the reported cost of services when they are earned by police officers rather than when the benefits are eventually paid as pensions. These costs are reflected in the intra-group transactions between the Chief Constable and the Police and Crime Commissioner. The impact of these transfers is that the pension liabilities on the Chief Constable's Balance Sheet are matched by intra-group debtors which reflect the Police and Crime Commissioner's long-term responsibility to provide funds to enable the Chief Constable to administer the police pensions.

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

2020/21 £'000	Comprehensive Income and Expenditure Account	2021/22 £'000
	Cost of Services	
55,779	Current service cost	105,906
0	Past service cost	0
	Financing and Investment Income and Expenditure	
72,174	Net interest expense	78,241
127,953	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	184,147
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(70,557)	• Actuarial (gains)/losses arising on changes in demographic assumptions	0
712,686	• Actuarial (gains)/losses arising on changes in financial assumptions	(166,251)
159,534	• Experience (gains)/losses on defined benefit obligation	7,118
929,616	Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	25,014
	Intra-Group Adjustment	
(127,953)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(184,147)
	Actual amounts charged against the General Fund Balance for pensions in the year:	
38,919	Employers' contributions payable to scheme	40,832
44,545	Home Office Top Up Grant	53,419

19.1.4 Impact on the Chief Constable's Cashflow

The liabilities show the underlying commitments that arise from the fact that the Chief Constable has to pay retirement benefits over a long-term period. The total liability of £3.889bn has a substantial impact on the net worth as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position remains healthy, as:

- scheme deficits are met by the Home Office
- finance is only required to be raised to cover police pensions when the pensions are actually paid, not when they are earned

The total employer contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2023 is £43.585m.

19.1.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

The Police Officer Pension Scheme liabilities have been estimated for accounting purposes by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2020.

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

Employer contributions are set every four years as a result of the combined actuarial valuation of the Scheme required by the Home Office on behalf of the Home Secretary. The last combined actuarial valuation was completed at 31 March 2020 and set contributions for the period from 1 April 2023 to 31 March 2027. The next combined actuarial valuation will be carried out as at 31 March 2024.

The significant assumptions used by the actuary have been:

2020/21	Mortality Assumptions:	2021/22
	Longevity at 65 for current pensioners:	
21.1	Men	21.1
23.3	Women	23.4
	Longevity at 65 for future pensioners:	
22.3	Men	22.4
24.8	Women	24.9
	Financial Assumptions:	
2.80%	Rate of Inflation	3.20%
3.80%	Rate of increase in salaries	4.20%
2.80%	Rate of increase in pensions	3.20%
2.00%	Rate for discounting scheme liabilities	2.60%

The estimated weighted average duration of the Police Officer schemes is 19 years, and it is this duration that has been used to derive the assumptions. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. Changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	180,236	(171,883)
Rate of increase in salaries (increase or decrease by 0.1%)	8,752	(8,699)
Rate of increase in pensions (increase or decrease by 0.1%)	65,939	(64,553)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(73,605)	75,207

Note 19 Defined Benefit Pension Schemes Continued

19.2 Police Staff Scheme

19.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Devon County Council. This is a funded defined benefit career average retained earnings scheme, meaning that the Chief Constable and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets. In addition to the above scheme there are arrangements for the award of discretionary post-employment benefits upon early retirement – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. As these benefits are unfunded, cash has to be generated to meet actual pension payments as they fall due.

19.2.2 Transactions Relating to Retirement Benefits

The Chief Constable recognises the cost of retirement benefits for police staff in the reported cost of services when they are earned by police staff, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement in the Police and Crime Commissioner's accounts. The following transactions have been made for the police staff scheme in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2020/21 £'000	Comprehensive Income and Expenditure Account	2021/22 £'000
	Cost of Services	
	Service cost comprising:	
27,182	• Current service cost	34,023
865	• Past service cost	455
0	• (Gain)/loss from settlements	(294)
219	• Administration Expenses	219
	Financing and Investment Income and Expenditure	
5,077	Net interest expense	6,076
33,343	Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	40,479
	Other Post Employment Benefits Charged to Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(68,816)	• Return on plan assets (excluding the amount included in the net interest expense)	(21,464)
(5,425)	• Actuarial (gains)/losses arising on changes in demographic assumptions	0
163,606	• Actuarial (gains)/losses arising on changes in financial assumptions	(37,283)
(662)	Apportionment Adjustment	(1,174)
0	Other actuarial (gains)/losses	5,790
(5,709)	Experience (gains)/losses on defined benefit obligation	1,547
116,337	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(12,105)

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

2020/21 £'000	Intra-Group Adjustment	2021/22 £'000
(33,343)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(40,479)
	Funded Liabilities	
£'000	Actual amount charged against the General Fund Balance for pensions in the year:	£'000
11,317	Employers' contributions payable to scheme	10,773
	Unfunded Liabilities	
£'000	Actual amount charged against the General Fund Balance for pensions in the year:	£'000
145	Retirement benefits payable to pensioners	139

19.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Chief Constable's obligation in respect of its defined benefit plans is as follows:

31 March 2021 £'000		31 March 2022 £'000
(673,700)	Present value of the defined benefit obligation	(675,924)
362,917	Fair value of plan assets	388,159
(310,783)	Net liability arising from defined benefit obligation	(287,765)

On 31 March 2022, a bulk transfer payment was made from the Devon County Council Pension Fund to the Dorset County Pension Fund in respect of the bulk transfers that occurred between Devon and Cornwall Police and Crime Commissioner (in the Devon Fund) and Police and Crime Commissioners for Dorset (in the Dorset Fund) between 1 December 2015 and 1 November 2019 (inclusive).

For bulk transfers that occurred on or before 31 March 2019, an allowance was made in the Employer's 31 March 2020 IAS19 report for the estimated impact of these bulk transfers on the Employer's assets. The estimate of the impact was based on limited information that was available at the time of producing the 2019/20 accounts. As the bulk transfer payment has now been made in respect of these transfers, an allowance for the actual payment made on 31 March 2022 based on the actual approach agreed by the Fund actuaries has been taken into account. This has led to an experience loss, as shown below. A liability experience item has not been allowed for as the adjustment made in the Employer's 2020 report was based on the 31 March 2019 valuation data and therefore reflected the pre-31 March 2019 bulk transfers.

In addition, the bulk transfer payment made on 31 March 2022 included allowance for the bulk transfers which occurred on 1 April 2019 and 1 November 2019. As these were not included in any previous accounting estimates, the impact of these bulk transfers are shown as settlements. The value of the assets shown reflect the amount that was paid on 31 March 2022 in respect of each transfer.

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

19.2.4 Reconciliation of present Value of the Scheme of Liabilities (Defined Benefit Obligation)

31 March 2021		31 March 2022
£'000		£'000
(492,007)	Opening balance at 1 April	(673,700)
(27,182)	Current service cost	(34,023)
(9,990)	Interest cost	(12,919)
(3,771)	Contributions from scheme participants	(4,103)
	Remeasurement gains/(losses):	
5,425	• Actuarial gains/(losses) arising from changes in demographic assumptions	0
(163,606)	• Actuarial gains/(losses) arising from changes in financial assumptions	37,283
5,709	• Experience gains/(losses) on defined benefit obligation	(1,547)
0	Liabilities assumed/(extinguished) on settlements	(389)
1,585	Apportionment Adjustment	2,536
(865)	Past service cost including gains/(losses) on curtailments	(455)
11,002	Benefits paid	11,393
(673,700)	Closing balance at 31 March	(675,924)

19.2.5 Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

The Chief Constable's contribution to the Local Government Pension Scheme for the accounting period to 31 March 2023 is estimated to be £11.153m. This estimation excludes the capitalised cost of any early retirements or augmentations which may occur after 31 March 2022. These projections are based on the assumptions as at 31 March 2022.

31 March 2021		31 March 2022
£'000		£'000
286,098	Opening fair value of scheme assets	362,917
4,913	Interest income	6,844
	Remeasurement gains/(losses):	
68,816	• The return on plan assets, excluding the amount included in the net interest expense	21,464
(923)	Apportionment Adjustment	(1,361)
(219)	Administration expenses	(219)
11,463	Contributions from employer	10,912
3,771	Contributions from employees into the scheme	4,102
(11,002)	Benefits paid	(11,393)
0	Settlement prices received/(paid)	683
0	Other actuarial gains/(losses)	(5,790)
362,917	Closing fair value of scheme assets	388,159

Note 19 Defined Benefit Pension Schemes Continued

19.2.6 Local Government Pension Scheme assets comprise

31 March 2021 £'000	Fair Value of Scheme assets	31 March 2022 £'000
	Cash and cash equivalents	
40,192	UK Equities	34,596
187,421	Overseas Equities	195,209
12,344	Gilts	51,625
16,272	Other Bonds	7,941
29,149	Property	36,571
14,705	Infrastructure	21,917
34,166	Target Return Portfolio	35,879
3,743	Cash	4,585
24,925	Alternative Assets	(164)
362,917	Total	388,159

19.2.7 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The liabilities have been estimated by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary have been:

2020/21		2021/22
	Long-term expected rate of return on assets in the scheme:	
2.00%	Equity investments	2.60%
2.00%	Bonds	2.60%
2.00%	Other	2.60%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.6	Men	22.7
23.9	Women	24.0
	Longevity at 65 for future pensioners:	
24.0	Men	24.0
25.4	Women	25.4
	Financial Assumptions:	
2.80%	Rate of inflation	3.20%
3.80%	Rate of increase in salaries	4.20%
2.80%	Rate of increase in pensions	3.20%
2.00%	Rate for discounting scheme liabilities	2.60%

The past service liability duration has been estimated at 24 years. This duration has been calculated based on the membership data provided for the most recent full valuation of the liabilities at 31 March 2019. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Note 19 Defined Benefit Pension Schemes Continued

19.2.8 Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	28,667	(27,463)
Rate of increase in salaries (increase or decrease by 0.1%)	1,752	(1,737)
Rate of increase in pensions (increase or decrease by 0.1%)	13,869	(13,549)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(15,359)	15,730

19.2.9 Other Assumptions

It is assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 contribution option at the previous valuation date will remain the same.

19.2.10 Impact on the Chief Constable's Cash Flows

The objectives of the scheme, as administered by Devon County Council, are to keep employer's contributions at as constant a rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 24 years. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026.

Devon County Council publishes details of the Fund's performance. More detail can be found on their website <https://www.devonpensionfund.org.uk/>



Devon & Cornwall
POLICE

Pension Fund Accounting Statements

Chief Constable for Devon and Cornwall

Police Officers' Pension Fund Statement (PFS)

The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. During the year all payments and receipts are made to and from the Police and Crime Commissioner Group Police Fund. The statement shows income and expenditure for the Police Pension Scheme, this expenditure is not consolidated into the Police and Crime Commissioner Group Accounts.

31 March 2021 £'000		31 March 2022 £'000
	Contributions Receivable	
(37,158)	Employers (normal)	(38,771)
(16,182)	Employees (normal)	(16,740)
(271)	Ill Health capital charge	(514)
	Transfers In	
(785)	Individual transfers from other schemes	(843)
	Benefits payable	
83,217	Pensions	85,436
15,724	Commutations & lump sum retirement benefits	24,851
	Payment to and on account of leavers	
0	Individual transfers to other schemes	0
44,545	Net amount paid during the year	53,419
(44,545)	Transfer from Police Fund*	(53,419)
0	Net amount payable / receivable for the year	0
*Additional contribution funded from the Police Fund is met by a top up grant from the Home Office		
37,817	Received in year	40,432
6,728	Debtor	12,987
44,545		53,419

The Police Officer Pension Fund is unfunded and has no investment assets.

The Police Officer Pension Fund which is administered by the Chief Constable has been set up for the specific purpose of administering the collection of contributions, the payment of pensions and the refund to central government for the balance outstanding for each year. The fund does not hold any investment assets nor does it reflect the liabilities of both Schemes to pay present and future pensioners.

The main benefits payable are police officer pensions, lump sums that represent the commutation of pensions and other lump sum payments. The Employer paid a contribution equal to 31.0% of police officer pay for 2021/22. As this contribution was insufficient to meet the net costs of benefits after employees' contributions, the account was balanced to nil at the year-end by the Home Office top up grant.

The above accounting statement complies with the accounting policies where applicable.

Further information can be found in the Defined Benefits Pension Schemes Note.

This Financial Statement does not take account of liabilities to pay pensions and other benefits after the 31 March 2022.



Devon & Cornwall
POLICE

Glossary

Chief Constable for Devon and Cornwall

Glossary

Accounting Period	The period of time covered by the accounts, usually a full year, which for the Office of the Police and Crime Commissioner runs from 1 April to 31 March.
Accrual	Amounts included in the final accounts to cover income and expenditure relating to the accounting period but neither paid nor received by 31 March. (For example, goods delivered in March but not invoiced by suppliers until April.)
Actuarial Gains and Losses	Changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
Actuarial Valuation	An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.
Agency Services	Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.
Amortised Cost	This method applies to both financial assets and liabilities. It is a method of determining the Balance Sheet carrying amount and periodic charges or credits to the Income and Expenditure Account of a financial instrument from the expected cash flows. This approach sees through the contractual terms (for example discounts and premiums) to measure the real cost that a Police and Crime Commissioner bears each year from entering into a financial liability. The Office of the Police and Crime Commissioner does not currently have any complex financial instruments where the contractual terms vary significantly from the real cost. For this reason the amortised cost of financial instruments is close to contractual cost.
Appropriation	Charges to the revenue account that build up funds and reserves in the Balance Sheet.
Asset	Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.
Bid Price	A valuation of financial assets based on the highest price a buyer is willing to offer.
Budget	The Police and Crime Commissioner's plan for providing resources to meet its service obligations. The Office of the Police and Crime Commissioner sets an annual budget within a four year financial strategy.
Capital Expenditure	The cost of buying or building significant assets (e.g. land and buildings) which have a long-term value to the Office of the Police and Crime Commissioner. <i>(Also referred to as capital spending or capital payments).</i>
Capital Grants	Grants received by the Office of the Police and Crime Commissioner that can only be used to pay for capital projects.
Capital Receipts	Income from the sale of capital assets (land, buildings, etc.). In the public sector, there are generally strict rules on what the receipts can be spent on.
Carrying Amount	This is the amount of a financial asset or liability that should be recorded in the Balance Sheet for a given date based upon the correct measurement approach for the financial asset or liability.
Cash Flow Statement	This statement summarises the inflows and outflows of cash.
CIPFA	The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.
Collection Fund	District and unitary councils pay all receipts from local taxpayers into a "collection fund". They then pay county, police, fire, district, unitary and parish council precepts from the fund.
CIES	Comprehensive Income and Expenditure Statement.
Contingency	A reserve set aside to meet unexpected costs. For example, the Force always has major operations every year, but can never tell how many will happen or how much each will cost.
Contingent Liability	A possible cost of past events where the amount to be paid is not certain, or when the payment may not actually be made. (For example, where a court case is still undecided.)

Chief Constable for Devon and Cornwall

Glossary Continued

Council Tax	A tax based on the value of property, which is administered by District and Unitary authorities.
Creditors	Amounts owed by the Police and Crime Commissioner for work done, goods received or services received, but for which payment has not been made by the end of the accounting period.
Current Assets and Liabilities	Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.
Current Service Cost	The increase in the benefits earned by employees in the current period based on their pay and length of service. This is charged to the net cost of services.
Curtailments	Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency or redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.
Debtors	Amounts due to the Police and Crime Commissioner but unpaid by the end of the accounting period.
Deferred Charges	Costs built up when preparing for a capital project that does not eventually create or buy a fixed asset. Deferred charges are written out of the accounts in the year they are incurred.
Defined Benefit Scheme	A pension scheme which defines the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.
Depreciation	The accounting principle that spreads the cost of a fixed asset over its useful working life.
Discretionary Benefits	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Police and Crime Commissioner's discretionary powers.
Earmarked Reserves	These reserves represent monies set aside to be used for a specific purpose.
Exit Costs	These are costs of packages for which the Police and Crime Commissioner is demonstrably committed to. The cost of the package includes the termination benefits, all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.
Expected Return on Assets	The average rate of return expected over the remaining life of the pension scheme from the actual investments held by the scheme. Fees charged by investment managers are taken out. The net income is credited to net operating expenditure.
Experience Gains and Losses (IAS 19 Pensions disclosure)	This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.
Fair Value	This is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. In most cases, this amount will be the transaction price, e.g. the amount of a loan made.
Fixed Assets	Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment.
FTE	Full Time Equivalent.
International Financial Reporting Standards (IFRS)	Accounting standards issued by the International Accounting Standards Board and from which the CIPFA code of Practice on Local Authority Accounting is derived.
Home Office Grant	A central government grant paid by the Home Office to Police and Crime Commissioner's in support of their day to day expenditure.

Chief Constable for Devon and Cornwall

Glossary Continued

Impairment	A loss in the value of a fixed asset, caused by physical damage (such as a major fire) or a significant reduction in market value.
Intangible Asset	An identifiable asset that has no physical substance can be measured reliably and is used for a period of more than one year.
Interest Cost	The expected increase during the period in the present value of the scheme liabilities because members of the scheme are one year closer to retirement. This is charged to net operating expenditure.
LAAP	Local Authority Accounting Panel sets accounting rules for the public sector.
Medium Term Financial Strategy (MTFS)	Often referred to as MTFS, it is the financial plan and management of funding, spending and savings over a four year period.
Mid-Price	A valuation of financial assets based on the mid-point between bid and offered prices.
Minimum Revenue Provision	The minimum amount of the Police and Crime Commissioner's outstanding financing commitments that must be charged to the General Fund each year.
Non-Distributed Costs (NDC)	For the Police and Crime Commissioner these are principally past service costs relating to pensions benefits earned in prior periods.
Non-Operational Assets	Fixed assets that are not used to deliver direct services. For example, police houses, or assets that are still being built or are no longer used and about to be sold.
NPAS	National Police Air Service.
OPCC	Officer of the Police and Crime Commissioner.
Past Service Cost	The increase in the benefits earned by employees from their service in previous years arising because of improved retirement benefits. These costs are paid directly by the employer and are charged to the net cost of services.
Pension Commutation	Commutation is where part of the entitlement to a pension for life is exchanged for a lump sum payable on retirement. This requires a calculation of the current value of the entitlement given up. The calculation is done using actuarial advice. The advice is set out in tables containing 'factors'. The level of the factors depends on age and life expectancy.
Pension Scheme (Defined Benefit)	A pension scheme that pays benefits to members based on the rules of the scheme and not on the value of the pension fund. Benefits are usually based on pay and length of service.
Pension Scheme (Funded)	Each year both employers and members pay standard contributions that are invested in a separate pension fund. Benefits to contributors and their dependants are paid out of investments held in the fund.
Pension Scheme (unfunded)	Members pay a standard contribution each year. The employer then pays the cash difference between members' annual contributions and the annual cost of benefits to contributors and their dependants.
PCC	Police and Crime Commissioner.
PCSO	Police Community Support Officer.
PFS	Police Officers' Pension Fund Statement.
Precept	A levy collected by District and Unitary Councils from council taxpayers on behalf of the Police and Crime Commissioner.
Present value (or Net Present Value)	The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.
Principal	The amount of a loan that was actually borrowed, before interest is added.
Provisions	Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.
Related Parties	Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.

Chief Constable for Devon and Cornwall

Glossary Continued

Reserves	Amounts set aside to meet the cost of specific future expenditure. The Police and Crime Commissioner plans its reserves as part of a four year strategy.
Revaluation Reserve	The Reserve records the accumulated gains on the fixed assets held by the Police and Crime Commissioner arising from increases in value. It is debited with the part of the depreciation charge for the asset relating to the revaluation. Any balance on this account is written back to the Capital Adjustment Account upon disposal of the asset.
Revenue Support Grant (RSG)	A general central government grant paid to the Police and Crime Commissioner, as well as the Home Office Grant, to support its day to day expenditure.
Running Costs	Costs from the use of premises, transport and equipment, and other general expenditure needed to provide a service.
Specific Grants	Grants (usually from the Home Office) that can only be spent on named services and projects.
Statement of Standard Accounting Practice	Guidance issued by the Financial Reporting Council (FRC) on how to use and apply accounting standards.
Termination Benefits	These are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits excluding any voluntary early retirements.
Third Party Payments	Payments made to outside contractors and other bodies who provide specialist or support services to the Police and Crime Commissioner.

Audit Progress Report and Sector Update

Devon and Cornwall Police and Crime Commissioner and Chief Constable
Dorset Police and Crime Commissioner and Chief Constable

Year ending 31 March 2022

September 2022
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the entity or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Key Grant Thornton team members



Alex J Walling

Engagement Lead

T 0117 305 7804

E Alex.J.Walling@uk.gt.com



Mark Bartlett

Manager

T 0117 305 7896

M 07880 456123

E mark.bartlett@uk.gt.com



Flora Wood

Audit Incharge

T 0117 305 7618

E Flora.C.Wood@uk.gt.com

Alex will have ultimate responsibility for the delivery of your audit service. Specifics of the role include:

- leading our relationship with the Police and Crime Commissioner and Chief Constable, ensuring you have access to Grant Thornton's full service offering;
- being a key contact for the Chief Finance Officers and the Independent Audit Committee, meeting frequently with key members of management;
- taking overall responsibility for delivering high quality audits which meet professional standards;
- agreeing with you the annual joint audit plan, and a timetable for delivering the work;
- reviewing the audit file, giving particular focus to any key areas of risk or critical judgements exercised during the audits;
- reviewing and signing off all audit reports;
- attending Independent Audit Committee to discuss key issues arising from our work and any recommendations;
- acting as a 'sounding board' on key decisions relevant to our responsibilities as your auditors; and
- sharing good practice identified at other organisations.

Mark will ensure that all work allocated is carried out on a timely basis in accordance with the firm's professional standards and to the satisfaction of clients and engagement lead.

As the key contact Mark will be responsible for building and maintaining good working relationships with all colleagues and clients.

To support delivery of the testing strategy he will:

- assist the engagement lead in establishing audit objectives and overall scope;
- ensure key matters which arise during the audits which were not identified at the planning stage are properly assessed and dealt with;
- review the work of in-charge auditor and the wider fieldwork team;
- finalise our draft reports to management;
- manage, motivate and coach team members; and
- control the audits in relation to timescales, budgets and risk management procedures.

Flora will work as part of the team, leading the on site audit team, providing a service which meets or exceeds client expectations and supports the engagement lead / manager team. Specifics of the role include:

- taking an active part in the audit planning discussions to identify audit risks and appropriate audit strategy;
- communicating any issues relating to the audit with the engagement manager or engagement lead;
- overseeing all aspects of audit fieldwork and completion;
- addressing and discussing queries in respect of technical and audit issues identified during the course of the audit;
- maintaining good working relationships with client staff; and
- delegating work to other members of the audit team, ensuring they understand their responsibilities and have received appropriate on-the-job training / coaching.

Introduction & headlines

This paper provides the Independent Audit Committee with a report on progress in delivering our responsibilities as your external auditors

The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Independent Audit Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the police sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.



Progress at 19 September 2022

Financial Statements Audits

2020/21

Devon and Cornwall

We issued our audit report and certificates for Devon & Cornwall Police on 20 September 2022 formally closing the 2020/21 audit.

Dorset

Our work on the Dorset Police financial statements is substantially complete. The Assurance Letter from the Dorset Pension Fund auditor remains outstanding, and we will be unable to issue our audit opinion until this has been received.

2021/22

Devon and Cornwall

Our audit is in progress and the Audit Findings Report is on the agenda of this meeting.

Dorset

Our Audit Plan was presented to the June 2022 meeting. The audit is likely to start in November 2022.

Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies, we are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office (NAO) updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible accounts opinions could be issued in line with national timetables and legislation. The extended deadline is now no more than three months after the date of the opinion on the financial statements.

The Auditor’s Annual Report for 2020/21 for Devon & Cornwall Police was issued in March 2022.

For Dorset Police we were planning to issue the Auditor’s Annual Report by 31 May 2022, but this is now likely to be in October 2022 due to the delay in the audit opinion being issued and resource pressures.

The extended deadline for the completion of Value for Money work will apply again in 2021/22 and we would plan to issue our Auditor’s Annual Reports within three months of the date of the opinion on the financial statements.

Progress at 19 September 2022 (cont.)

Other areas

Meetings

We meet with Finance Officers regularly as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

Your officers attended our Accounts Workshop in January and February 2022, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

2020/21 Deliverables

2020/21 Deliverables	Planned Date	Status
Accounts Audit Plan We are required to issue detailed accounts audit plans to the Independent Audit Committee setting out our proposed approach in order to give opinions on the 2020-21 financial statements.	April 2021	Complete
Interim Audit Findings We will report to you the findings from our interim audits within our Progress Report.	July 2021	Complete
Audit Findings (ISA260) Report The Joint Audit Findings Reports will be reported to the Independent Audit Committee: <ul style="list-style-type: none"> Devon & Cornwall Police Dorset Police 	September 2021 March 2022	Complete Complete
Auditor's Reports This is the opinion on your financial statements and annual governance statement(s): <ul style="list-style-type: none"> Devon & Cornwall Police Dorset Police 	October 2021 TBC*	Complete Not due yet
Auditor's Annual Report The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Reports (AAR): <ul style="list-style-type: none"> Devon & Cornwall Police Dorset Police 	March 2022 TBC*	Complete Not yet due
Audit certificate The certificate in effect closes the audit and marks the point when the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged: <ul style="list-style-type: none"> Devon & Cornwall Police Dorset Police 	September 2022 TBC *	Complete Not yet due

* We are still awaiting the assurance letter from the Dorset Pension Fund auditor and the VFM work is ongoing, with the Auditor's Annual Report not yet issued.

2021/22 Deliverables

2021/22 Deliverables	Planned Date	Status
Accounts Audit Plan We are required to issue detailed accounts audit plans to the Independent Audit Committee setting out our proposed approach in order to give opinions on the 2020-21 financial statements.	June 2022	Complete
Audit Findings (ISA260) Report The Joint Audit Findings Reports will be reported to the Independent Audit Committee: <ul style="list-style-type: none"> • Devon & Cornwall Police • Dorset Police 	September 2022 TBC	Complete Not yet due
Auditor's Reports This is the opinion on your financial statements and annual governance statement(s): <ul style="list-style-type: none"> • Devon & Cornwall Police • Dorset Police 	October 2022 TBC	Not yet due Not due yet
Auditor's Annual Report The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Reports (AAR): <ul style="list-style-type: none"> • Devon & Cornwall Police • Dorset Police 	January 2023 TBC	Not yet due Not yet due
Audit certificate The certificate in effect closes the audit and marks the point when the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged: <ul style="list-style-type: none"> • Devon & Cornwall Police • Dorset Police 	January 2023 TBC	Not yet due Not yet due

Financial Reporting Council annual report

On 29 October 2021, the Financial Reporting Council (FRC) published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here:

[FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six opinion files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our "Opinion" results over the past three years are shown in the table below:

Grade	Number 2020/21	Number 2019/20	Number 2018/19
Good with limited improvements (Grade 1 or 2)	6	1	1
Improvements required (Grade 3)	3	5	2
Significant improvements required (Grade 4)	0	0	1
Total	9	6	4

Our "VFM" results over the past two years are shown in the table below. The FRC did not review VFM in 2018/19:

Grade	Number 2020/21	Number 2019/20
Good with limited improvements (Grade 1 or 2)	6	6
Improvements required (Grade 3)	0	0
Significant improvements required (Grade 4)	0	0
Total	6	6

Financial Reporting Council annual report (cont.)

Quality Assurance Department (QAD) Reviews

In addition to the reviews undertaken by the FRC on major local audits, the QAD team from the ICAEW undertake annual reviews of non-major local audits as well as reviews of Foundation Trusts on behalf of NHSE&I.

The QAD reviewed five of our audits this year and graded all of them (100%) as 'Satisfactory / generally acceptable' for both the financial statements and VFM elements of the audit, which is the highest grading.

Grade	Number 2020/21	Number 2020/19	Number 2019/18
Satisfactory / generally acceptable	5	6	2
Improvement required	0	1	0
Significant improvement required	0	0	0
Total	5	7	2

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID-19, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis.

As auditors we have shown compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Having formal internal consultations when considering complex technical issues.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

Local audit plays a critical role in the way public sector audits and society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from sector specialists**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white.

Public Sector

A dark purple rectangular button with the text "Police" in white.

Police

Home Office



'Whole-system' approach to tackling violent crime is working

Violence Reduction Units and 'hotspot policing' initiatives prevented 49,000 violent offences across England and Wales, the government revealed, as it sets out an ambitious funding programme to build on efforts tackling serious violence.

Set up in 2019, Violence Reduction Units are a pioneering initiative established in 18 areas across England and Wales, bringing together local partners in policing, education, health, and local government, to share information in order to identify vulnerable children and adults at risk, helping steer them away from a life of crime and violence.

Figures published in an evaluation of these Violence Reduction Units' first 18 months of operation demonstrate the impacts they are having up and down the country, changing lives and reducing violent crime. Areas that have rolled out Violence Reduction Units and intensive police patrols in violence hotspots saw 8,000 fewer incidents of violence leading to injury and 41,000 fewer incidents without injury, compared with areas that didn't. This has resulted in an estimated £385 million avoided in associated costs for victims and society.

The government will inject £130 million in 2022/23 to further drive down the most devastating types of crime – including knife crime, gun crime and homicide. The funding package includes:

- an additional £64 million for Violence Reduction Units, supporting the existing 18 and enabling two new units to be established
- an additional £30 million into the 'Grip' police enforcement programme
- supporting the implementation of the new Serious Violence Duty and Serious Violence Reduction Orders, being brought into law via the Police, Crime, Sentencing and Courts Bill

The government has also confirmed that the now 20 Violence Reduction Units across England and Wales will have a guarantee of funding for the next three years. This will ensure they are given the time and resource to see their central mission of reducing the most serious types of violence come to fruition.

The full article can be found [here](#).

HMICFRS

State of Policing: The Annual Assessment of Policing in England and Wales 2021

Her Majesty's Chief Inspector of Constabulary's report to the Secretary of State under section 54(4A) of the Police Act 1996 was published in March 2022.

It contains the assessment of the effectiveness and efficiency of policing in England and Wales based on the inspections carried out between April and November 2021.

This report draws on findings from inspections of police forces in England and Wales, to provide an overall view of the state of policing.

Get the report [here](#).

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HMICFRS

HMICFRS inspections: evaluation of remote inspection methods

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services independently assesses and reports on the effectiveness and efficiency of police forces and fire and rescue services with the aim of encouraging improvement.

The pandemic required HMICFRS to move to remote inspections, rather than on-site and face-to-face. They have evaluated how the move to remote methods went, to:

- identify where improvements were required;
- understand what happens when the way in which the inspection take place changes; and
- consider whether inspecting remotely is something to continue to do in the future.

This report can be found [here](#).



HMICFRS

Observations on the third generation of force management statements

A force management statement (FMS) is a self-assessment that chief constables (and London equivalents) prepare and submit to Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) each year.

These are the observations of the FMS steering group on the third round of FMSs. Police forces sent in their statements by the end of May 2021.

The steering group is made up of HMICFRS, the National Police Chiefs Council, the College of Policing, the Association of Police and Crime Commissioners, the Home Office, and other parties interested in the development of FMSs.

Get the report [here](#).



Association of Police and Crime Commissioners

Fraud A Priority in all Police And Crime Plans

Fraud is now a priority in all PCCs Police and Crime plans confirms APCC Lead at an evidence session in the House of Lords on Thursday, 16 June.

National Lead for Economic and Cyber Crime and PCC for Avon and Somerset Mark Shelford gave oral evidence to the Digital Fraud Committee and Fraud Act 2006 alongside Rob Jones, Director General from the National Economic Crime Centre and Pete O'Doherty, Assistant Commissioner and NPCC Coordinator for Cyber and Economic Crime.

During the session he expressed the vital role PCCs play in responding to economic and cybercrime, including fraud.

In a statement he said: "I am encouraged to see that all of my colleagues have included fraud in their Police and Crime Plans which sets the direction for their police area and to which they will hold their Chief Constable accountable.

"But more does need to be done. We encourage the government to include fraud in the Strategic Policing Requirement, which would bolster the prioritisation of fraud at the national level and within the National Policing Board performance measures alongside crimes such as burglary.

"Recognising fraud as a priority is a necessary step in continuing the work to build the capabilities and capacity in the whole system to effectively investigate and prosecute fraud. We welcome the inclusion of fraud as a priority crime in the Online Safety Bill. Measures in the Bill will go some way towards mitigating the vulnerability of the public as they shop and socialise online."

See the full article [here](#).



Good practice in annual reporting – NAO

The National Audit Office (NAO) has published this guide which sets out good practice principles for annual reporting with examples from public sector organisations

The NAO comment that the guide sets out “good-practice principles that we believe underpin good annual reporting. These principles are: Supporting Accountability; Transparency; Accessibility; and the need for the report to be Understandable.”

The NAO further comment “The best annual reports we have seen use these principles to tell the “story” of the organisation. It is important that stakeholders, including the public and Parliament, are able to hold an organisation to account. To do this effectively, stakeholders need to properly understand the organisation’s strategy, key risks that might get in the way of delivering this strategy and the effectiveness of their management, and the amount of taxpayers’ money that has been spent to deliver the outcomes the organisation seeks to achieve.”

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

Although the guide does not include any local authority examples, those included, and the underlying principles, are equally relevant to all public facing organisations.



The guide can be found here:

[Good practice in annual reporting - National Audit Office \(NAO\) Report](#)

The Value of Internal Audit

One of the key elements of good governance is an independent and objective internal audit service. Some organisations engage fully and reap significant benefits from the assurance, insight and expertise they bring whilst others pay lip-service to them and see their work as an administrative burden.

CIPFA's recent report, [Internal Audit: Untapped Potential](#), lifts the lid on internal audit in public services. For some chief financial officers and chief executives, this report confirms the value and contribution of internal audit teams with 87% of respondents recognising the contribution internal audit makes to their organisation. However, some leadership teams saw internal audit as providing a basic service at minimal cost.

Getting the most out of the function requires honest conversations and long-term planning. Maintaining appropriate skills and knowledge within the function is necessary to ensure high quality internal audit in public services are retained.

Culture and governance

The Independent Audit Committee should monitor the delivery of internal audit and their output will be a key part of the annual work-plan. However, internal audit is not a substitute for risk management and should enhance the overall assurances received by management. Executives and Officers should engage with internal audit recommendations to ensure the organisation gains maximum value from reviews.

Capacity

Reducing internal audit days can lead to a lack of 'corporate grip' not identifying issues at an early stage. This report raises concerns over the capacity of internal audit across the public sector. The profession needs to be valued and invested in to make it more attractive to new blood and for bodies to be able to attract the best candidates to their service.

Expectations

To maximise the impact of internal audit, a clear and aligned strategic audit plan and annual audit plan should be in place. This should be agreed with all stakeholders.

Future plans

Internal audit needs to adapt to the changing landscape, including risks such as climate change, digital and technological developments, cyber-security and ongoing financial and service pressures within their planning processes. For financial resilience and medium- and long-term financial strategies internal audit can provide vital independent assurance to decision makers to allow them to take on more risk and be more ambitious. Leadership teams need to be clear on what assurances they will require going forward.

For more information, [Rob Whiteman](#) share his views on this report.



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Informing the audit risk assessment for Devon & Cornwall Police and Crime Commissioner and Chief Constable 2021/22

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Mark Bartlett
Manager
T 0117 305 7896
E Mark.Bartlett@uk.gt.com

Agenda Item 11b

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Devon & Cornwall Police and Crime Commissioner and Chief Constable's external auditors and Devon & Cornwall Police and Crime Commissioner and Chief Constable, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of 'those charged with governance' under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Police and Crime Commissioner and Chief Constable. ISA(UK) emphasises the importance of two-way communication between the auditor and 'those charged with governance' and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Police and Crime Commissioner and Chief Constable in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from 'those charged with governance' and supports the Police and Crime Commissioner and Chief Constable in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures, we are required to obtain an understanding of management processes and the Police and Crime Commissioner and Chief Constable's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Devon & Cornwall Police and Crime Commissioner and Chief Constable's management. The Police and Crime Commissioner and Chief Constable, as 'those charged with governance', should consider whether these responses are consistent with their understanding and whether there are any further comments they wish to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2021/22?	There has been a robust consideration of the monitoring information throughout the year which has enabled actions to be taken early. The main aspects impacting on 2021/22 have been; Valuations at 31st March – both PPE and Pensions.
2. Have you considered the appropriateness of the accounting policies adopted by Devon & Cornwall Police and Crime Commissioner and Chief Constable? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	Accounting policies have been reviewed and considered. The fair value hierarchy has been added in for completeness. In practice it was already in place. The fair value measurement of non-financial assets has been added in for completeness. In practice it was already in place. No substantive changes to the Accounting Policies. They have also been reviewed against the CIPFA code to ensure that they remain appropriate. No
3. Is there any use of financial instruments, including derivatives? If so, please explain	We have financial instruments which are disclosed in the notes to the accounts. None of which are derivatives.
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	No

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No, not since the draft accounts were published. Valuations were provided as at 1 February 2022. A further assessment was undertaken to ascertain if the valuations had changed between the valuation date and the reporting date of 31 March 2022. One property increased in value as some of the external features had been replaced. This is disclosed in the accounts.
6. Are you aware of any guarantee contracts? If so, please provide further details	Yes – The PCC has signed a financial guarantee for the Police ICT Company, and has provided a pension guarantee for the APCC pension fund. These are covered in the contingent liability note in the accounts.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by Devon & Cornwall Police and Crime Commissioner and Chief Constable during the year. Please indicate where they are working on open litigation or contingencies from prior years?	We primarily use the in house Legal Department. That department will also commission work from other lawyers, predominantly barristers, in relation to specific work areas. External legal advice has also been sought on detailed estates issues.

General Enquiries of Management

Question	Management response
<p>9. Have any of the Devon & Cornwall Police and Crime Commissioner and Chief Constable's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details</p>	<p>No</p>
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>Arlingclose Limited - Treasury Management Advisors, providing advice on Treasury Management matters as and when they arise and to provide quarterly updates on performance.</p> <p>Ernst & Young – VAT Advisors- providing advice on VAT matters as and when they arise.</p> <p>With regards to the accounts, we use Arlingclose Limited (as mentioned above), Barnett Waddingham for valuing pensions and Vickery Holman (MRICS) for valuing assets.</p>
<p>11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details</p>	<p>Yes – this is included within the IFRS9 working paper. Expected credit loss is calculated for: investments held with banks (£1k) and debtors classed as other (£62k). The amounts are below the materiality and triviality threshold levels.</p>

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both 'those charged with governance' and management. Management, with the oversight of the Police and Crime Commissioner and Chief Constable as 'those charged with governance', needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Police and Crime Commissioner and Chief Constable should consider the potential for override of controls and inappropriate influence over the financial reporting process.


As Devon & Cornwall Police and Crime Commissioner and Chief Constable's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures, we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Police and Crime Commissioner and Chief Constable as 'those charged with governance' regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Police and Crime Commissioner and Chief Constable as 'those charged with governance' oversees the above processes. We are also required to make inquiries of both management and the Police and Crime Commissioner and Chief Constable as 'those charged with governance' as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Devon & Cornwall Police and Crime Commissioner and Chief Constable's management.

Fraud risk assessment

Question	Management response
<p>1. Have Devon & Cornwall Police and Crime Commissioner and Chief Constable assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How does the risk management process link to financial reporting?</p>	<p>Yes.</p> <p>The S151 officers have a remit for risk and audit and maintain close links with the internal audit lead, Head of Audit, Insurance and Strategic Risk and the Professional Standards Department. This is on top of the formal framework outlined in the Annual Governance Statement. The Independent Audit Committee also receive regular reports on fraud and we routinely participate in the National Fraud Initiative exercise.</p> <p>This has been based on the risk register and internal audit programme. Due diligence on financial standing is undertaken for significant contracts.</p> <p>The risk of material misstatement is low. No fraud identified</p> <p>The risk management process is considered by both the PCC and CC at a joint meeting with the corporate risk registers being considered at the Joint Leadership Board. Independent Audit Committee review the risk management strategy and approach. The risk registers also form part of the annual budget process.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Disposal of Assets, Payroll and Expenses. Significant controls are in place in these areas accordingly.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Devon & Cornwall Police and Crime Commissioner and Chief Constable as a whole, or within specific departments since 1 April 2021? If so, please provide details</p>	<p>Please refer to the Fraud and Corruption report attached. There is nothing of financial significance.</p> <div data-bbox="1271 853 1329 917">  </div> <p>Fraud and Corruption report</p>

Fraud risk assessment

Question	Management response
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	The risk register is discussed at the Joint Leadership Board and individual management boards. The framework is covered in the Annual Governance Statement. Corporate risk registers are presented to the Independent Audit Committee on a quarterly basis. An update on fraud and corruption investigations is presented to each meeting of the Independent Audit Committee.
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Devon & Cornwall Police and Crime Commissioner and Chief Constable where fraud is more likely to occur?</p>	<p>There have been no specific areas identified, although Theft and Fraud (by employee) is a priority risk for the Counter Corruption Unit. Quarterly meetings are held between the S151 officers, Alliance Audit, Insurance and Strategic Risk Management Dept and Professional Standards Department to look at themes and where process can be implemented to mitigate these risks. However, there have been no areas identified as material.</p> <p>Yes – Payroll. As such robust audit processes are in place in this area, with the latest internal audit providing a 'substantial' assurance level</p> <p>No</p>
6. What processes do Devon & Cornwall Police and Crime Commissioner and Chief Constable have in place to identify and respond to risks of fraud?	Financial regulations are in place as well as robust recruitment processes. Invoices are paid through the financial system Agresso and has a two step process. Majority of supplier detail is confirmed prior to use. For commissioned services there is a tender process with support from the Force procurement specialist team. Professional Standards and internal audit have an information sharing arrangement. Routinely participate in the National Fraud Initiative exercise, with detailed analysis of any matches. There are policies in place on whistleblowing and arrangements in the code of corporate governance about roles and responsibilities. Processes are also in place for dealing with large amounts of cash. Fraud is an area covered by internal audit when undertaking their reviews.

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for Devon & Cornwall Police and Crime Commissioner and Chief Constable, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>Internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>The Internal Audit plan is the prime method used to gain assurance on internal control processes. The procedure for setting the risk based internal audit plan includes liaison with key staff including s151s, consideration of Force risk registers and the draft is taken to the Independent Audit Committee (IAC) before being finalised. There is a process to allow it to be changed during the year to reflect changing circumstances.</p> <p>SWAP report quarterly to IAC and provide an overall audit opinion. The Annual Governance Statement (AGS) also considers the adequacy of internal control and the process for producing it considers all forms of assurance available.</p> <p>Reviewing effectiveness is considered in terms of the “3 lines of defence model”:</p> <ol style="list-style-type: none"> 1 – direct management of financial processes and internal control measures- relate to the Force and reliance is therefore placed on the Force S151 officer for assurance. 2 – CFO's , risk management and compliance – robust procedures are in place as described in the AGS. 3 – Internal Audit and IAC – processes exist to ensure internal controls are kept under review, weaknesses are identified and actions taken are monitored. <p>There are effective counter fraud and corruption procedures in place with cohesive working arrangements between Professional Standards, Audit, Finance and Legal Services. Regular reports are provided to the executive on the effectiveness of arrangements with independent scrutiny provided by the internal auditors on any weaknesses identified, including regular review of the controls in place to prevent financial error or fraud.</p> <p>An Internal Audit review of Accounts Payable identified potential weaknesses in segregation of duties, for which remedial action is being taken.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>We are not aware of any. See above for reporting arrangements.</p>

Fraud risk assessment

Question	Management response
<p>9. How does Devon & Cornwall Police and Crime Commissioner and Chief Constable communicate and encourage ethical behaviours and business processes of its staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Ethical standards required for contractors is covered within the financial regulations. Due diligence is undertaken for all significant contracts and all contractors are expected to sign up to ethical standards. Commissioned Services contain standard within contract documentation. Theft and Fraud (by employee) is a priority risk for the Counter Corruption Unit. Required compliance with policing Code of Ethics for officers and staff. Ethics Committee sits regularly to debate “ethical dilemmas”.</p> <p>There is also a Force Disclosure Policy (Whistleblowing Policy) which is published by the Counter Corruption Unit. Police Officers have a duty to report crime.</p> <p>All new employees are provided with information on our principles and the Code of Ethics and training is reinforced at departmental meetings and away days and is also included in our recruitment process.</p> <p>A business plan for the OPCC covers the way we work and the beliefs of the organisation. This plan is completed with the involvement of all staff. The business plan has quantitative and qualitative performance targets which are monitored at the OPCC management board and communicated to all staff. OPCC team have an agreed vision and values and these are regularly reviewed and good practice shared at team meetings.</p> <p>Learning the lesson bulletins and the outcomes of ethical discussions at the Ethics Committee and Ethics and Appeals Committee are also shared with OPCC employees.</p> <p>Monitoring of the Police and Crime Plan and associated performance data is undertaken and reported on a monthly basis to the Police and Crime Joint Executive (PCJE) previously known as Joint Leadership Board. Promotion and compliance with College of Policing's Code of Ethics</p> <p><u>Promotion and compliance of force values.</u></p> <p>Regular updates to all officers and staff via the Force intranet on expected standards of behaviour, including updates on issues dealt with by the Professional Standards Department</p> <p>There are a variety of ways that concerns can be reported, including the whistleblowing line.</p> <p>No significant issues reported.</p>

Fraud risk assessment

Question	Management response
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Covert officer, payroll staff, purchasing and exchequer staff</p> <p>Covert posts are vetted to a higher level, and routinely monitored by Professional Standards Department. Payroll and purchasing and exchequer have necessary processes to ensure segregation of duties on higher risk activities, and are both subject to annual audit. Audit trails are available identifying which staff have input all transactions</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>The Chief Executive writes to all Senior Officers to request the completion of a related party declaration. The Chief Executive is responsible for maintaining a policy on the business interests of the staff and office holders of the OPCC and also for maintaining a register of business interests. The Chief Constable is responsible for maintaining a policy on the business interests of the staff of the Force and also for maintaining a register of business interests.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Police and Crime Commissioner and Chief Constable as 'those charged with governance'?</p> <p>How does the Police and Crime Commissioner and Chief Constable as 'those charged with governance' exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The risk management process is considered by both the PCC and CC at a joint meeting with the corporate risk registers being considered at the Police and Crime Joint Executive (PCJE) previously known as the Joint Leadership Board. Independent Audit Committee review the risk management strategy and approach. The risk registers also form part of the annual budget process.</p> <p>There is a direct link to the OPCC Monitoring Officer via the financial regulations. A quarterly update report on Fraud Corruption is presented to the Independent Audit Committee.</p> <p>Risk management is considered by the Joint Leadership Board regularly.</p> <p>The risk of material misstatement is low. No fraud identified.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>Please refer to the Fraud and Corruption report attached. Complaints about the PCC have statutory process via the Police and Crime Panel and are reported quarterly. Complaints about staff are dealt with by the Line Manager or Chief Executive. Complaints about service or the police are managed via the dedicated officer within the PCC. There is a separate process within the OPCC for complaints against the CC</p>
<p>14. Have any reports been made under the Bribery Act?</p>	<p>No</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Police and Crime Commissioner and Chief Constable as 'those charged with governance', is responsible for ensuring that Devon & Cornwall Police and Crime Commissioner and Chief Constable's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures, we are required to make inquiries of management and the Police and Crime Commissioner and Chief Constable as 'those charged with governance' as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance, we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Devon & Cornwall Police and Crime Commissioner and Chief Constable have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the regulatory environment that may have a significant impact on the financial statements?</p>	<p>Governance, financial regulations, professional codes of practice. The Director of Legal Services attends the Joint Leadership Board, which considers strategy for the Force and OPCC.</p> <p>Robust governance structure which is tested via internal audits.</p> <p>No</p>
<p>2. How are the Police and Crime Commissioner and Chief Constable as 'those charged with governance' provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Assurance is provided via the Annual Governance Statement and internal audit reports. Involvement of the Director of Legal Services in decision-making meetings also occurs.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2021 with an on-going impact on the 2021/22 financial statements? If so, please provide details</p>	<p>No</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>None – other than those outlined in the notes to the accounts.</p>

Impact of laws and regulations

Question	Management response
<p>5. What arrangements does Devon & Cornwall Police and Crime Commissioner and Chief Constable have in place to identify, evaluate and account for litigation or claims?</p>	<p>Litigation and claims are dealt with by the Legal Department.</p> <p>A litigation report is presented to the Resources Board (which is joint between the PCC and CC) on a quarterly basis. There is also a detailed confidential meeting to look at the individual ongoing live cases.</p> <p>Every year we write to Senior Staff to ask for details of matters that might require provision or disclosure in our published accounts. The responses are discussed with the CFO and the accounting treatment agreed (e.g. accrual, provision, contingency, no action).</p> <p>Throughout the year, the PCC, CC and CFO's are kept informed of the progress of potential and actual claims through a formal meeting with the Legal Department to discuss the "sensitive issues log".</p>
<p>6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details</p>	<p>No.</p>

Related Parties

Matters in relation to Related Parties

Devon & Cornwall Police and Crime Commissioner and Chief Constable are required to disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by Devon & Cornwall Police and Crime Commissioner and Chief Constable;
- associates;
- joint ventures;
- an entity that has an interest in the entity that gives it significant influence over Devon & Cornwall Police and Crime Commissioner and Chief Constable;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Devon & Cornwall Police and Crime Commissioner and Chief Constable, or of any entity that is a related party of the Devon & Cornwall Police and Crime Commissioner and Chief Constable.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Devon & Cornwall Police and Crime Commissioner and Chief Constable's perspective but material from a related party viewpoint then Devon & Cornwall Police and Crime Commissioner and Chief Constable must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Devon & Cornwall Police and Crime Commissioner and Chief Constable's 2020/21 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and Devon & Cornwall Police and Crime Commissioner and Chief Constable whether Devon & Cornwall Police and Crime Commissioner and Chief Constable has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>There are two disclosures in the 2021/22 accounts which are the same as those disclosed in the 2020/21 accounts.</p>
<p>2. What controls does Devon & Cornwall Police and Crime Commissioner and Chief Constable have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>The Chief Executive of the OPCC writes to the Senior Management Team, Force Chief Officers and Independent Audit Committee members requesting them to complete a declaration for related parties. There is a requirement for officers and staff to fully disclose any business interests, which are held on a central register by Professional Standards Department.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Business interests are considered and approved by line manager, a vetting process, and Professional Standards Department, including the Head of PSD.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>We don't operate outside of normal business unless: under emergency powers e.g. the pandemic when procurement rules were relaxed; or a major operation such as G7 which ran under formal Gold procedures.</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for police bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

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Question	Management response
<p>1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Devon & Cornwall Police and Crime Commissioner and Chief Constable will no longer continue?</p>	<p>There are 5 main factors considered when assessing going concern. They are:-</p> <ul style="list-style-type: none"> <input type="checkbox"/> 2021/22 Financial Outturn Position. <input type="checkbox"/> Balance Sheet at 31 March 2022 <input type="checkbox"/> Medium Term Financial Strategy – Revenue and Capital. <input type="checkbox"/> Cashflow Forecasts. <input type="checkbox"/> Legal Status. <input type="checkbox"/> Governance Arrangements. <p>A formal assessment is presented to Resources Board and the Independent Audit Committee.</p>
<p>2. Are management aware of any factors which may mean for Devon & Cornwall Police and Crime Commissioner and Chief Constable that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?</p>	<p>No</p>
<p>3. With regard to the statutory services currently provided, does Devon & Cornwall Police and Crime Commissioner and Chief Constable expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Devon & Cornwall Police and Crime Commissioner and Chief Constable to cease to exist?</p>	<p>Devon and Cornwall Police and Crime Commissioner and Chief Constable expect to continue to deliver statutory services for the foreseeable future.</p>
<p>4. Are management satisfied that the financial reporting framework permits Devon & Cornwall Police and Crime Commissioner and Chief Constable to prepare its financial statements on a going concern basis?</p> <p>Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?</p>	<p>Yes</p> <p>Yes</p>

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Those Charged with Governance:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask Those Charged with Governance to satisfy themselves that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?</p> <p>Page 236</p>	<p>Pensions liability for the Police Pension Scheme and the LGPS scheme. The liability figures disclosed in the accounts are estimated figures that have been calculated by our pension actuaries using source data held by the Accounts Department and pension administrators.</p> <p>Asset valuation of the land and building assets held by the PCC. These figures are based on the condition of the properties and the market conditions in the area. These figures are provided by valuers that are independent to the PCC.</p> <p>There is uncertainty around the provision set aside, which is based on an estimate. The nature of the claims is that the amounts involved may fluctuate.</p> <p>All three areas have been considered for disclosure in Note 6 Assumptions made about the future and other major sources of estimation and uncertainty.</p> <p>Pensions: Sensitivity analysis shows that the changes would be significant. Therefore pensions has been disclosed in note 6.</p> <p>Assets: The professional advisors for the valuation of assets have advised that there is no material uncertainty as at 31st March 2022. Therefore no disclosure is required.</p> <p>Assets: The impact if the remaining life of building assets reduced by 1 year has been considered. This was below the materiality level (impact £317k v materiality level of £7.3m) and so it has not been disclosed as the impact is not significant.</p> <p>Provisions: The total provision balance as at 31st March 2022 was £3.020m. A 10% increase would be £302k charge to the CIES. Materiality threshold is £7.3m and so the 10% increase would be below materiality. On this basis a disclosure is not required.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
2. How does the risk management process identify and address risks relating to accounting estimates?	Valuations are calculated by professional advisors, such as actuaries and valuers where appropriate. These valuations are subject to scrutiny to ensure robustness.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	<p>Valuations are calculated by professional advisors in accordance with the applicable accounting standards, using their assessment of the most appropriate method. The instruction letter to the valuers sets out the requirements.</p> <p>Pension assumptions are reviewed and confirmed by the CFO's. Professional advisors on pensions also provide an independent review of the source data.</p> <p>The basis for asset valuations is checked to ensure consistency with prior years as applicable.</p>
4. How do management review the outcomes of previous accounting estimates?	A year on year comparison is carried out to highlight and understand in year movement.
5. Were any changes made to the estimation processes in 2021/22 and, if so, what was the reason for these?	<p>The asset values used for the LGPS pension valuation is based on March actual asset data. This is consistent with the previous year.</p> <p>Asset valuation has been carried out as at 1st February, with a follow up request to determine changes up to the 31st March.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Areas of clear specialism, such as premises valuation, valuation of financial instruments, and pensions valuation, are referred to professional experts in these areas
7. How does the management of the Police and Crime Commissioner and Chief Constable determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	High level checks are applied to all external valuations provided to ensure that a degree of challenge is applied, and that the figures appear consistent and reasonable.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Chief Financial Officers provide high level review to key assumptions, valuations and provisions.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>Significant accounting estimates are reviewed within Finance before being considered by Chief Financial Officers.</p> <p>Monitoring and budget papers are discussed with management ahead of formal meetings, including testing the basis for estimations.</p> <p>Changes in accounting methods are considered by the Chief Financial Officer and presented to the Independent Audit Committee.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?</p>	<p>The split between the PCC Group and the CC.</p> <p>“Note 3: The Police and Crime Commissioner Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA Service Reporting Code of Practice and the Police Reform and Social Responsibility Act.”</p>
<p>11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?</p>	<p>Valuations are provided by third parties and reasonableness checks are carried out on the data and figures e.g. through the budget monitoring process and year on year comparison work.</p>
<p>12. How are the Police and Crime Commissioner and Chief Constable as ‘those charged with governance’ provided with assurance that the arrangements for accounting estimates are adequate ?</p>	<p>Those charged with governance are supported by professionally qualified Chief Finance Officers who provide assurance on arrangements. This is supported by the Independent Audit Committee (IAC) who also receive reports from Internal Audit regarding the controls in place around source data. IAC reports any issues directly to those charged with governance after each meeting.</p>

Appendix A: Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	<p>A full valuation was undertaken in 2020/21. A desktop exercise approach has been used to value the assets for the 2021/22 accounts. Measurement basis is dependent on the type of property:</p> <p>Operational specialised property – depreciated replacement cost</p> <p>Operational non-specialised property assets – existing use value</p> <p>Non-property asset – depreciated historical cost</p> <p>Surplus assets – fair value</p>	<p>Valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017.</p> <p>A year on year comparison of the figures, life and basis of valuation has been undertaken with significant variances and changes questioned.</p>	Vickery Holman (MRICS)	<p>The valuers have confirmed that there was <u>no</u> material valuation uncertainty as at 31st March 2022. This is consistent with the 2020/21 accounts.</p> <p>The valuations were performed as at 1st February 2022. A further report: the letter of assurance was received. This report captures updates that have occurred between the valuation date (1st February 2022) and the reporting date (31st March 2022).</p> <p>Assets useful lives are dependent on assumptions about the level of repairs and maintenance. The Police and Crime Commissioner Group have assessed that the repairs and maintenance is sustainable at the current level of spending.</p> <p>A review of the basis of valuation has also been undertaken to determine it's appropriateness against the asset in question.</p>	No

Appendix A: Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Investment property valuations Page 241	A full valuations have been undertaken. Operational non-specialised property assets – existing use value	Valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017. A year on year comparison of the figures, life and basis of valuation has been undertaken with significant variance and changes questioned.	Vickery Holman (MRICS)	<p>The valuers have confirmed that there was <u>no</u> material valuation uncertainty as at 31st March 2022. This is consistent with the 2020/21 accounts.</p> <p>The valuations were performed as at 1st February 2022. A further report: the letter of assurance was received. This report captures updates that have occurred between the valuation date (1st February 2022) and the reporting date (31st March 2022).</p> <p>Assets useful lives are dependent on assumptions about the level of repairs and maintenance. The Police and Crime Commissioner Group have assessed that the repairs and maintenance is sustainable at the current level of spending.</p> <p>A review of the basis of valuation has also been undertaken to determine it's appropriateness against the asset in question.</p>	No



Appendix A: Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation	Assets are depreciated monthly over their useful lives.	Useful lives are estimates, provided by experts. These are considered as part of the Capital MTFs. In addition the valuers provide the useful lives at every valuation.	Vickery Holman (MRICS) and budget holders	When assets are purchased a number of possible purchase options are considered which includes estimation on costs and life of the asset. All business cases are considered by the appropriate board.	No
Valuation of defined benefit net pension fund liabilities	Barnett Waddingham provide a standard set of assumptions both demographic and financial.	<p>The valuation figures are prepared in accordance with IAS19 which complies with the Technical Actuarial Standard 100: Principles for Technical Actuarial Work.</p> <p>Additional checks have been introduced including a year on year check of the figures and a comparison of the reports.</p>	Barnett Waddingham	<p>The assumptions have been accepted following consideration by the S151's.</p> <p>Sensitivity analysis information is shown in the accounts.</p>	No

Appendix A: Accounting Estimates

Estimates	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Fair value estimates Page 243	Fair value templates are provided by Arlingclose Limited and are used to assess the fair value of the financial instrument.	<p>These are standard templates shared to all clients by Arlingclose who are authorised and regulated by the Financial Conduct Authority.</p> <p>The accounting treatment of each instrument has been established with reference to the IFRS 9 Code and consultation with the Treasury Advisor.</p> <p>A reasonableness check on the outcome of the FV is undertaken using knowledge from the quarterly benchmarking meetings with Arlingclose Limited and in year performance of returns.</p>	Arlingclose Limited	The market volatility present due to Covid-19 and developments in Ukraine and Russia as at 31 st March 2022 has had an impact on fair values. However, due to the type of investments and the level of balances held, the fair value calculation is not material. Therefore the degree of uncertainty is assessed as low.	No

Appendix A: Accounting Estimates

Estimates	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions Page 244	Information is received on new and paid transactions from the relevant departments. These figures are compared with the provision held as at 31 st March 2020. A check is also completed against general ledger where possible. Explanations for large variances are sought from the appropriate departments.	Estimations are provided by Departments independent of the Alliance Finance team. A year on year comparison is undertaken and significant changes questioned. The S151's are also engaged in reviewing the provision made.	Legal Department	The Legal Team review the likelihoods and estimated cost throughout the year on a case by case basis using their knowledge of the case.	No
Accruals	Commitments shown in Agresso are used to inform the year end accruals. Information is also sought from the budget holders.	The forecasting during the year is used as a measure against the outturn position. Variances are reviewed and explained through individual department narrative reports and the outturn report.	Budget Holders	Commitments are based on orders for goods and services from other organisations. These commitments are monitored through the year by the Alliance Finance Lead and Budget Holder. Any variations to the estimates are captured through the forecasting process.	No





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The Joint Audit Findings for Devon and Cornwall Police and Crime Commissioner and Chief Constable

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September 2022
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Your key Grant Thornton team members are:

Alex Walling

Key Audit Partner

T 0117 305 7804

E alex.j.walling@uk.gt.com

Mark Bartlett

Audit Manager

T 0117 305 7896

E mark.bartlett@uk.gt.com

Flora Wood

Audit Incharge

T 0117 305 7618

E flora.c.wood@uk.gt.com

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the PCC and Chief Constable or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

Alex Walling

Name : Alex Walling
For Grant Thornton UK LLP
Date : 21 September 2022

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audits of Devon and Cornwall Police and Crime Commissioner ('the PCC') and Devon and Cornwall Chief Constable and the preparation of the PCC's and Chief Constable's financial statements for the year ended 31 March 2022 for those charged with governance.

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Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion the financial statements:

- give a true and fair view of the financial positions of the PCC and Chief Constable's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with each set of audited financial statements including the Annual Governance Statement (AGS) and Narrative Report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed on site and remotely during June to September. Our findings are summarised on pages 5 to 19.

We have identified adjustments to the financial statements of the PCC that are detailed in Appendix C. We did not identify any adjustments to the financial statements of the Chief Constable.

We have raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audits are detailed in Appendix B.

Our work is substantially complete and there are no matters of which we are aware of this time that would require modification of our audit opinion for the PCC's financial statements (including the financial statements which consolidate the financial activities of the Chief Constable) or the Chief Constable's financial statements or material changes to the financial statements, subject to the following outstanding matters:

- journals testing is in progress
- review of the Expenditure and Funding Analysis
- valuation of land and buildings testing in progress
- employee benefit testing in progress
- testing of financial instruments disclosure in progress
- receipt and review of the Pension Fund Auditor Assurance Letter
- completion of our internal quality review processes
- receipt of management representation letter; and
- review of the final set of financial statements and Joint Annual Governance Statement.

We have concluded that the other information to be published with each set of financial statements is consistent with our knowledge of your organisations and the financial statements we have audited.

Our anticipated audit report opinions will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether in our opinion, both entities have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We expect to issue our Auditor's Annual Report by January 2023. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no later than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the PCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified a risk in respect of the capacity of the finance team when setting the budget following an error when setting the 2021/22 budget. Our work on this risk is underway and an update is set out in the value for money arrangements section of this report.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audits.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audits upon the completion of our work on the PCC and Chief Constable's VFM arrangements, which will be reported in our Annual Auditor's report in January 2023.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Joint Audit Findings Report presents the observations arising from the audits that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audits, in accordance with International Standards on Auditing (UK) and the Code, which are directed towards forming and expressing an opinion on each set of financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group, PCC and Chief Constable's business and is risk based, and in particular included:

- An evaluation of the PCC's and Chief Constable's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have substantially completed our audits of your financial statements and, subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion on the financial statements of both the PCC and the Chief Constable following the Independent Audit Committee meeting on 27 September 2022, as detailed in Appendix E and F. These outstanding items are set out on page 3.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have revised the materiality due to the actual gross expenditure changing significantly from that at the planning stage resulting in a review of the appropriateness of the materiality figure.

We detail in the table here our determination of materiality.

	Amount (£)	Qualitative factors considered
Materiality for the financial statements	8,900k	Gross Expenditure was determined as the appropriate benchmark for determining materiality. 1.5% was deemed an appropriate rate to apply to the benchmark. The group materiality was determined using the Chief Constable's Gross Expenditure on Policing Services.
Trivial matters	440k	5% of materiality is deemed an appropriate level for triviality.
Materiality for senior officer remuneration	43k	A lower level of materiality was determined for the Senior Officer Remuneration balance due to the sensitivity surrounding this disclosure.

We have determined financial statement materiality based on a proportion of the gross expenditure of the group, the PCC and the Chief Constable for the financial year. For our audit testing purposes we apply the lowest of these, which is £8,900k (PY £8,200k), which equates to 1.5% of the Chief Constable's gross expenditure for the year.

2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Relates to	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The PCC and Chief Constable face external scrutiny of spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	Group, PCC and Chief Constable	<p>We have:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>During our review of journals, there were a number of inquiries made into the processes and controls in place which caused significant delays and increased queries and analysis before we could finalise our selections of a sample of journals to test. This was as a result of a number of factors, including:</p> <ul style="list-style-type: none"> the lack of appropriate journal poster/approver data in the original General Ledger report journal posting screens having been inappropriately used for processing of some credit notes additional analysis and testing performed as a result of Segregation of duties issues flagged by the IT Audit review follow up of responses received to our journal inquiries with journal posters and approvers. <p>Our journals testing work is currently in progress.</p> <p>Our audit work to date has not identified any issues in respect of management override of controls.</p>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>The revenue and expenditure cycles include fraudulent transactions (rebutted)</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>In addition, Public Audit Forum Practice Note 10 states that auditors must also consider the risk that material misstatements in financial reporting may arise due to manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition.</p>	<p>Group, PCC and Chief Constable</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue and expenditure streams of the PCC and the Chief Constable, we have determined that the risk of fraud arising from revenue and expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue or expenditure recognition; • opportunities to manipulate revenue and expenditure recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including PCC, Chief Constable or Group, means that all forms of fraud are seen as unacceptable. <p>Therefore, we do not consider this to be a significant risk for the PCC, Chief Constable or Group.</p>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>Valuation of land and buildings</p> <p>The PCC (and group) revalues its land and buildings on a five-yearly basis. In the intervening years, such as 2021/22, to ensure the carrying value in the financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, the group requests a desktop valuation from its valuation expert to ensure that there is no material difference.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	Group and PCC	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; used an auditor's expert to gain assurance that the PCC's approach to the valuations process is appropriate; challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; and tested revaluations made during the year to see if they had been input correctly into the asset register. <p>Our audit work in this area is in progress, with responses to queries raised with the external valuer outstanding at the time of writing this report.</p> <p>Our audit work to date has identified the following issue:</p> <ul style="list-style-type: none"> Our testing of a sample of assets revalued identified that the incorrect build rate had been used in the valuation of Plymouth Crownhill Amenity block, resulting in an increase in the NBV of Land and Buildings of £661k. <p>The financial statements have been amended for the valuation error, which is set out in further detail in Appendix C.</p>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Relates to

Commentary

Valuation of the pension fund net liability

The Group's pension liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund liabilities are considered a significant estimate due to the size of the numbers involved (£4.3bn in the Group's balance sheet for the year ended 31 March 2021) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the

Code of practice for local government accounting (the applicable financial reporting framework). We have

therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.

A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.

We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation.

With regard to these assumptions we have therefore identified valuation of the Group's pension fund net liability as a significant risk.

Group,
PCC and
the Chief
Constable

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the group's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the group to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- requested assurances from the auditor of Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

The assurance letter from the pension fund auditor had not been received at the time of writing this report.

Our audit work to date has not identified any issues in respect of valuation of the pension fund net liability. We will provide a verbal update to the Committee at the meeting on this issue.

2. Financial Statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
Useful estimated lives of assets	Our testing identified that a vehicle that had been disposed of in April 2021 had not been disposed of in the asset register, and had a remaining life of 3 years as at 31 March 2022	Management should review its procedures to ensure that the finance team responsible for the maintenance of the Fixed Asset Register are updated when any assets are disposed of.
IT Control deficiencies		
Our IT auditors carried out an assessment of the systems and controls of the information systems relevant to financial reporting. This included an overall IT General Control (ITGC) rating for Unit 4 and Active Directory. The control weaknesses below were identified in the general IT controls.		
New starters within Unit 4 are granted access rights by cloning the access of an existing user. We identified that when a new starter is set up within Unit4 for users doing the same or similar roles, their permissions are cloned from existing users.	Where user access rights are copied from existing users, any additional access rights that user has gained over time through additional job responsibilities will also be assigned, resulting in inappropriate and excessive access rights for the new user.	We recommend that new users are added to the system using a predefined set of user responsibilities. These rights should be reviewed and approved on a regular basis.
Inadequate control over privileged accounts within Unit4. During our testing it was noted that: <ul style="list-style-type: none"> One non-IT user (58379) had access to the Unit4 database, Three IT users had access to the "SYSTEM" role and the database. It was noted that access monitoring is performed by the finance team, however the review was restricted to 'Accountancy', 'Exchequer & Purchasing', 'Payroll' and 'Uniforms' roles. The review did not cover IT admin or database roles. We noted that monitoring was not being performed on the privileged access accounts (administration) for Active Directory.	Assigning excessive privileged access roles to more users than required increases the risk that system-enforced internal control mechanisms could be bypassed resulting in users being able to: <ul style="list-style-type: none"> Make unauthorised changes to system configuration parameters. Create unauthorised accounts. Make unauthorised updates to user account privileges. 	It is recommended that management: <ul style="list-style-type: none"> Perform a review of all user accounts and their access rights in Unit4 and confirm if these align with their designated roles and responsibilities. For those users identified as having access to both the system and the database, ensure there is monitoring in place For users no longer needing access to the database, these access rights should be revoked with immediate effect. Always assign access to any application on the principle of least privileges. Extend the access review monitoring to cover the critical (admin) roles. Where day to day responsibilities are contracted out to a third party, the responsibility for managing those controls should be clearly defined and monitored in order that controls are managed and operated effectively.

2. Financial Statements – new issues and risks (continued)

Issue	Commentary	Auditor view
<p>Segregation of duties conflict between developer and implementor for changes made to Unit4</p> <p>We obtained and compared the list of users who can develop and implement changes into the Live environment and noted that there were 12 users who were granted the “SYSTEM” role. This allows the user to implement functional changes.</p>	<p>The combination of access to develop and implement those changes in the production environment creates a risk that inappropriate or unauthorised changes are made to data and/ or programs.</p>	<p>Management should segregate a user’s ability to develop and implement changes.</p> <p>Where management is unable to fully segregate this access for operational reasons, alternative options to mitigate the risk could include performing a review of change implementation activity logs. These should be regularly reviewed for appropriateness by an independent individual with evidence retained or ensuring that all changes are peer reviewed before they are deployed to production.</p>

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £169m Relates to: Group and PCC	<p>The majority of land and buildings comprises £157m of specialised assets such as police stations, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£12m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The group/PCC has engaged Vickery Holman to complete the valuation of properties as at 1 February 2022 on a three yearly cyclical basis.</p> <p>All assets were revalued during 2021/22 with the exception of leasehold assets of £3m.</p> <p>Management have considered the potential valuation change in the assets revalued at 1 February 2022, with the valuer providing an updated valuation schedule at 31 March 2022 that reflects any significant asset changes. These values are reflected in the financial statements.</p> <p>The total year end valuation of land and buildings was £169m, a net increase/decrease of £3m from 2020/21 (£166m).</p>	<p>We reviewed your estimate considering:</p> <ul style="list-style-type: none"> • Assessment of management's expert to be competent, capable and objective; • Completeness and accuracy of the underlying information used to determine the estimate; • Reasonableness of increase/decrease in estimates on individual assets; • Consistency of estimate against the Gerald Eve report on property market trends, and reasonableness of the increase in the estimate; and • Adequacy of disclosure of estimate in the financial statements <p>Our audit work is currently in progress, however our testing to date identified the following issue:</p> <ul style="list-style-type: none"> • Our testing of a sample of assets revalued identified that the incorrect build rate had been used in the valuation of Plymouth Crownhill Amenity block, resulting in an increase in the NBV of Land and Buildings of £661k. <p>The financial statements have been amended for this issue, which is set out in further detail in Appendix C.</p>	Light purple

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

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Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment																								
Net pension liability – Police Officer Pension Scheme : £3,890m	Group, PCC and the Chief Constable	<p>The PCC and Chief Constable's total net pension liability at 31 March 2021 is £4,184m (PY £4,275m) comprising the Devon Pension Fund Local Government and unfunded defined benefit pension scheme obligations.</p> <p>£3,890m (PY £3,959m) is in respect of Devon Police Pension Fund. The PCC and Chief Constable use Barnet Waddingham to provide actuarial valuations of the PCC's and Chief Constable's assets and liabilities derived from these schemes utilising key assumptions such as life expectancy, discount rates and salary growth. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> <p>A full actuarial valuation is required every four years. The latest full actuarial valuation was completed in 2020.</p> <p>There has been a £166m net actuarial gain during 2021/22.</p>	<p>In assessing the estimate, we have considered the following:</p> <ul style="list-style-type: none">Assessment of management's expertAssessment of actuary's approach using PwC as auditor's expert to assess actuary and assumptions made by actuary – see results for key assumptions in the table below.Completeness and accuracy of the underlying information used to determine the estimateImpact of any changes to valuation methodReasonableness of increase/decrease in estimateAdequacy of the accounting treatment in the financial statementsAdequacy of disclosure of estimate in the financial statements <p>Our work to date has not identified any material issues in relation to this estimate.</p> <table><tr><th>Police Pension Scheme Assumptions</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr><tr><td>Discount rate</td><td>2.60%</td><td>2.55% - 2.60%</td><td>●</td></tr><tr><td>Pension increase rate</td><td>3.20%</td><td>3.05% - 3.40%</td><td>●</td></tr><tr><td>Salary growth</td><td>4.20%</td><td>4.05% - 4.40%</td><td>●</td></tr><tr><td>Life expectancy – Males currently aged 45 / 65</td><td>22.4 21.1</td><td>21.8 – 22.4 20.5 – 21.1</td><td>●</td></tr><tr><td>Life expectancy – Females currently aged 45 / 65</td><td>24.9 23.4</td><td>23.2 – 25.4 21.5 – 23.8</td><td>●</td></tr></table>	Police Pension Scheme Assumptions	Actuary Value	PwC range	Assessment	Discount rate	2.60%	2.55% - 2.60%	●	Pension increase rate	3.20%	3.05% - 3.40%	●	Salary growth	4.20%	4.05% - 4.40%	●	Life expectancy – Males currently aged 45 / 65	22.4 21.1	21.8 – 22.4 20.5 – 21.1	●	Life expectancy – Females currently aged 45 / 65	24.9 23.4	23.2 – 25.4 21.5 – 23.8	●	Light purple
Police Pension Scheme Assumptions	Actuary Value	PwC range	Assessment																									
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Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
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2. Financial Statements - key judgements and estimates

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Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment																								
Net pension liability – LGPS : £294m	Group, PCC and the Chief Constable	<p>The PCC and Chief Constable's total net pension liability at 31 March 2022 is £4,184m (PY £4,275m) comprising the Devon Pension Fund Local Government and unfunded defined benefit pension scheme obligations. £294m (PY £316m) is in respect of Devon Local Government Pension Fund. The PCC and Chief Constable use Barnet Waddingham to provide actuarial valuations of the PCC's and Chief Constable's assets and liabilities derived from these schemes utilising key assumptions such as life expectancy, discount rates and salary growth. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> <p>A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019.</p> <p>There has been a £39m net actuarial gain during 2021/22.</p>	<p>In assessing the estimate, we have considered the following:</p> <ul style="list-style-type: none">• Assessment of management's expert• Assessment of actuary's approach using PwC as auditor's expert to assess actuary and assumptions made by actuary – see results for key assumptions in the table below.• Completeness and accuracy of the underlying information used to determine the estimate• Impact of any changes to valuation method• Reasonableness of the PCC and Chief Constable's share of LGPS pension assets• Reasonableness of increase/decrease in estimate• Adequacy of the accounting treatment in the financial statements• Adequacy of disclosure of estimate in the financial statements <p>Our work to date has not identified any material issues in relation to this estimate.</p> <table><tr><th>LGPS Assumptions</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr><tr><td>Discount rate</td><td>2.60%</td><td>2.55% - 2.60%</td><td>●</td></tr><tr><td>Pension increase rate</td><td>3.20%</td><td>3.05% - 3.45%</td><td>●</td></tr><tr><td>Salary growth</td><td>4.20%</td><td>4.05% - 4.45%</td><td>●</td></tr><tr><td>Life expectancy – Males currently aged 45 / 65</td><td>24.0 22.7</td><td>21.9 – 24.4 20.5 – 23.1</td><td>●</td></tr><tr><td>Life expectancy – Females currently aged 45 / 65</td><td>25.4 24.0</td><td>24.9 – 26.4 23.4 – 25.0</td><td>●</td></tr></table>	LGPS Assumptions	Actuary Value	PwC range	Assessment	Discount rate	2.60%	2.55% - 2.60%	●	Pension increase rate	3.20%	3.05% - 3.45%	●	Salary growth	4.20%	4.05% - 4.45%	●	Life expectancy – Males currently aged 45 / 65	24.0 22.7	21.9 – 24.4 20.5 – 23.1	●	Life expectancy – Females currently aged 45 / 65	25.4 24.0	24.9 – 26.4 23.4 – 25.0	●	Light purple
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Assessment

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- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Independent Audit Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	Letters of representation has been requested from both the PCC and the Chief Constable, which are included in the Independent Audit Committee papers.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	<p>We requested from management permission to send confirmation requests for bank and investment balances. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.</p> <p>We requested from management permission to send our request for assurance to the pension fund auditor. This permission was granted. The assurance letter is awaited at the time of writing this report.</p>
Accounting practices	We have evaluated the appropriateness of the PCC's and Chief Constable's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

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Issue	Commentary
Going concern	<p data-bbox="871 432 2051 576">In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p data-bbox="871 587 2011 643">Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul data-bbox="871 655 2074 954" style="list-style-type: none"> • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis of accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the PCC's and Chief Constable's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p data-bbox="871 967 2047 1110">Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the PCC and Chief Constable meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul data-bbox="871 1123 2022 1300" style="list-style-type: none"> • the nature of the PCC and Chief Constable and the environment in which they operate • the PCC's and Chief Constable's financial reporting framework • the PCC's and Chief Constable's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. <p data-bbox="871 1313 2051 1337">On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul data-bbox="871 1350 1995 1476" style="list-style-type: none"> • a material uncertainty related to going concern has not been identified for either the PCC or the Chief Constable • management's use of the going concern basis of accounting in the preparation of both sets of financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with each set of audited financial statements, including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Inconsistencies have been identified but have been adequately rectified by management. We plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statements do not comply with disclosure requirements set out in CIPFA/SOLACE guidance or are misleading or inconsistent with the information of which we are aware from our audits, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. <p>We have nothing to report on these matters.</p>



2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA audit instructions.</p> <p>Note that work is not yet completed as the guidance for 2021/22 has not yet been released by the NAO</p>
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2021/22 audits of Devon and Cornwall PCC and Chief Constable in the audit reports, as detailed in Appendix E and F, due to our VFM and WGA work being incomplete.

3. Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements



3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix H to this report. We expect to issue our Auditor's Annual Report by January 2023. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the PCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified the risk set out in the table below. We have performed further procedures in respect of this risk and have completed this element of our VFM work. Our conclusions are detailed below.

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Risk of significant weakness	Procedures undertaken	Conclusion	Outcome
<p>Finance team capacity</p> <p>The lack of capacity within the finance team was identified as a contributory factor in the police payroll 2021/22 budget error of £3.4m, which required the identification of mitigating actions and potential use of reserves.</p> <p>We will follow up on the actions taken in respect of the finance team capacity for the 2022/23 budget setting process, and consider whether the weakness has been addressed.</p>	<p>We have followed up on the actions taken by management as a result of the budget error. These included:</p> <ul style="list-style-type: none"> Ensuring that the police payroll spreadsheet was reviewed by two different people Obtaining and reviewing the Standard Operating Procedure for this area to ensure it had been reviewed and updated appropriately by management Review of evidence supporting the additional capacity within the finance team. 	<p>A significant weakness in arrangements has not been identified</p>	<p>We have no recommendations to make to the PCC or Chief Constable.</p>

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group/PCC and Chief Constable. No non-audit services were identified which were charged from the beginning of the financial year to September 2022.

Appendices

A. Action plan – Audit of Financial Statements

We have identified the following recommendations for the group/PCC as a result of issues identified during the course of our audits. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2022/23 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
RED	<p>Inadequate control over privileged accounts within Unit4.</p> <p>During our testing it was noted that</p> <ul style="list-style-type: none"> One non-IT user (58379) had access to the Unit4 database, Three IT users had access to the “SYSTEM” role and the database. <p>It was noted that access monitoring is performed by the finance team, however the review was restricted to ‘Accountancy’, ‘Exchequer & Purchasing’, ‘Payroll’ and ‘Uniforms’ roles. The review did not cover IT admin or database roles.</p> <p>We noted that monitoring was not being performed on the privileged access accounts (administration) for Active Directory.</p> <p>Assigning excessive privileged access roles to more users than required increases the risk that system-enforced internal control mechanisms could be bypassed resulting in users being able to:</p> <ul style="list-style-type: none"> Make unauthorised changes to system configuration parameters. Create unauthorised accounts. Make unauthorised updates to user account privileges. 	<p>It is recommended that management:</p> <ul style="list-style-type: none"> Perform a review of all user accounts and their access rights in Unit4 and confirm if these align with their designated roles and responsibilities. For those users identified as having access to both the system and the database, ensure there is monitoring in place For users no longer needing access to the database, these access rights should be revoked with immediate effect. Always assign access to any application on the principle of least privileges. Extend the access review monitoring to cover the critical (admin) roles. <p>Where day to day responsibilities are contracted out to a third party, the responsibility for managing those controls should be clearly defined and monitored in order that controls are managed and operated effectively.</p> <p>Management response</p> <p>We accept the recommendations that have been made.</p> <p>The access review processes outlined in the previous risk will be extended to include critical (admin) IT and database roles and will be overseen by Devon & Cornwall Police’s Senior Audit Manager. The frequency of the reviews will be conducted on at least a six-monthly basis or made available as required.</p> <p>Existing mitigating controls are already in place for leavers, who are promptly removed from the system and a log of individuals granted access to critical (admin) IT and database roles will continue to be kept and maintained.</p>

Assessment

- Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

A. Action plan – Audit of Financial Statements (continued)

Assessment	Issue and risk	Recommendations
Page 272 AMBER	<p>New starters within Unit 4 are granted access rights by cloning the access of an existing user.</p> <p>We identified that when a new starter is set up within Unit4, users doing the same or similar roles, their permissions are cloned from existing users.</p> <p>Where users access rights are copied from existing users, any additional access rights that user has gained over time through additional job responsibilities will also be assigned, resulting in inappropriate and excessive access rights for the new user.</p>	<p>We recommend that new users are added to the system using a predefined set of user responsibilities. These rights should be reviewed and approved on a regular basis.</p> <p>Management response</p> <p>We accept the recommendations that have been made.</p> <p>Users by default, will only be granted basic access permissions, such as the ability to report sickness, access individual payslips and personal details, etc.</p> <p>Working with the wider business, we will investigate granting access based on role profiles. However, until role-based profiles are established it will be necessary to continue basing access on similar user accounts as managers will be unaware what access to request. To mitigate the risk, the proposed access levels will be sent to the relevant line manager for review and approval before access is granted, thus providing a separate level of assurance.</p> <p>Additionally, Heads of Departments will be periodically provided with a report detailing their staff access levels in order to conduct a review of access rights for their staff and ensure that individuals only have the access required to deliver their roles.</p>
	<p>Segregation of duties conflict between developer and implementor for changes made to Unit4</p> <p>We obtained and compared the list of users who can develop and implement changes into the Live environment and noted that there were 12 users who were granted the “SYSTEM” role. This allows the user to implement functional changes.</p> <p>The combination of access to develop and implement those changes in the production environment creates a risk that inappropriate or unauthorised changes are made to data and/ or programs.</p>	<p>Management should segregate a user’s ability to develop and implement changes.</p> <p>Where management is unable to fully segregated this access for operational reasons, alternative options to mitigate the risk could include performing a review of change implementation activity logs. These should be regularly reviewed for appropriateness by an independent individual with evidence retained or ensuring that all changes are peer reviewed before they are deployed to production.</p> <p>Management response</p> <p>We accept the recommendations that have been made.</p> <p>Processes will be implemented to ensure the member of staff designing and testing a change in the development environment is not the same member of staff that implements it into the live environment, ensuring at least two members of the team have visibility and understanding of the changes being made. Investigations will be made into how system audit capabilities might be used to ensure this happens. In addition, the existing Change Advisory Board and Change Release processes will continue, validating and recording planned changes prior to their implementation.</p> <p>Review of the 12 ‘users’ in the “SYSTEM” role will be conducted. Removal of human accounts that are no longer used will be actioned. Remaining accounts used for background processes (Service Accounts) will also be reviewed and removed if no longer required, which will be conducted within the next 3 months.</p>

Assessment

- Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

A. Action plan – Audit of Financial Statements (continued)

Assessment	Issue and risk	Recommendations
AMBER	Our testing identified that a vehicle that had been disposed of in April 2021 had not been disposed of in the asset register, and had a remaining life of 3 years as at 31 March 2022	<p>Management must review its procedures to ensure that the finance team responsible for the maintenance of the Fixed Asset Register are updated when any assets are disposed of.</p> <p>Management response</p> <p>We accept the recommendation made.</p> <p>The in-year reconciliation work will be supplemented with an annual reconciliation completed at year end. This final check will ensure that all vehicles recorded in the fleet system are also recorded in the asset register. This task will be included in the year end timetable, and will include all disposals and additions.</p>

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Assessment

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Follow up of prior year recommendations

We identified the following issues in the audits of Devon and Cornwall PCC and Chief Constable's 2020/21 financial statements, which resulted in two recommendations being reported in our 2020/21 Audit findings report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Devon and Cornwall Police value their police stations at Depreciated Replacement Cost (DRC) as they are considered to be specialised assets. The DRC approach provides the current cost of replacing an asset with its Modern Equivalent Asset (MEA) less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation. Key considerations in establishing the MEA is assessing the service potential (the service being provided by the asset) and whether an alternative site would be more appropriate than the current site.</p> <p>Management were not able to provide us with evidence that the service potential or alternative sites had been considered when making their assumptions for the valuation of DRC assets. The external valuer was also unable to provide any evidence that these assumptions had been considered when carrying out their work. We have requested a specific representation in respect of this issue in the PCC Letter of Representation.</p>	Our work on the revaluation of land and buildings has confirmed that this recommendation has been addressed in 2021/22.
✓	Our testing identified that two vehicles purchased in 2017 were allocated estimated useful life of 4 years and were fully depreciated at the year end. The useful lives for such vehicles would now be 10 years following a change of policy several years ago. The vehicles are scheduled be re-lifed as part of the 2021/22 housekeeping exercise, but depreciation has been overstated in previous years.	This recommendation has ben addressed in 2021/22.

Assessment

- ✓ Action completed
- X Not yet addressed

C. Audit Adjustments - PCC

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £' 000	Impact on total net expenditure £'000
Our testing of the valuation of land and buildings identified that the incorrect build rate had been used in the valuation of Plymouth Crownhill Amenity block, resulting in an increase in the NBV of Land and Buildings of £661k.	Surplus on revaluation of non-current assets (661)	Increase in land and buildings 661 Unusable reserves (661)	(661)
Overall Impact	(661)	NII	(661)

C. Audit Adjustments – Chief Constable

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

There are no adjusted misstatements in respect of the Chief Constable's accounts.

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Relates to	Detail	Adjusted?
Adjustments between Accounting Basis and Funding Basis under Regulations (note 9)	PCC	An additional table disclosing the adjustments for the PCC, in addition to the PCC group, has been added.	✓
Asset lives – vehicles (Note 11.3.2)	PCC	The disclosure has been updated from 3-15 to 3-25 years to reflect the correct range of asset lives allocated to vehicles.	✓
External audit costs (Note 24)	Group, PCC and Chief Constable	The audit fee disclosures have been updated to reflect the updated position since the draft accounts were produced.	✓
Officers' Remuneration (Note 25)	Group, PCC and Chief Constable	A disclosure change of £193 was made to amounts disclosed for one officer following our testing.	✓
General	Group, PCC and Chief Constable	A small number of other amendments have been made to the draft accounts to correct minor disclosure and presentational issues that do not warrant being individually reported to Those Charged with Governance.	✓



D. Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Final fee
PCC Audit	51,160	47,860
Chief Constable Audit	24,008	22,308
Total audit fees (excluding VAT)	£75,168	£70,168

The difference between the final fee and the proposed fee per the audit plan is the removal of the additional fee in respect of remote working.

The final fees reconcile to the financial statements.

No non-audit or audited related services have been undertaken for the group/PCC and Chief Constable.

E. Audit opinion - PCC

Our audit opinion is included below. We anticipate we will provide the PCC with an unmodified audit report

Independent auditor's report to the Police and Crime Commissioner for Devon and Cornwall

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of the Police and Crime Commissioner for Devon and Cornwall (the 'Police and Crime Commissioner') and its subsidiary the Chief Constable (the 'group') for the year ended 31 March 2022 which comprise the Group Movement in Reserves Statement, the PCC Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group and PCC Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the Police Officers' Pension Fund Statement. 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 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Police and Crime Commissioner as at 31 March 2022 and of the group's expenditure and income and the Police and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice [2020] ("the Code of Audit Practice") approved by the Comptroller and Auditor General. 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 Police and Crime Commissioner 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 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

We are responsible for concluding on the appropriateness of the Chief Financial Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Police and Crime Commissioner and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Police and Crime Commissioner and the group to cease to continue as a going concern.

In our evaluation of the Chief Financial Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Police and Crime Commissioner and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Police and Crime Commissioner and the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Police and Crime Commissioner and group and the Police and Crime Commissioner and group's disclosures over the going concern period.

E. Audit opinion - PCC

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 and the group'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.

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.

The responsibilities of the Chief Financial Officer with respect to going concern are described in the 'Responsibilities of the Police and Crime Commissioner and the Chief Financial Officer for the financial statements' section of this report.

Other Information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts and the Joint Annual Governance Statement, other than the Police and Crime Commissioner and group 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 of the Police and Crime Commissioner and the group 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.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Joint Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Joint Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Police and Crime Commissioner, the other information published together with the financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- 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 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

E. Audit opinion - PCC

Responsibilities of the Police and Crime Commissioner and the Chief Financial Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer. The Chief Financial 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 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial 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 Financial 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 there is an intention by government that the services provided by the Police and Crime Commissioner and the group will no longer be provided.

The Police and Crime Commissioner is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- 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, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011). We also identified the following additional regulatory frameworks in respect of the police pension fund: Public Service Pensions Act 2013, the Police Pension Fund Regulations 2007, the Police Pensions Regulations 2015 and the Police Pensions Regulations 2006.
- We enquired of senior officers and the Police and Crime Commissioner, concerning the Police and Crime Commissioner and group's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Police and Crime Commissioner, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud

E. Audit opinion - PCC

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- We assessed the susceptibility of the Police and Crime Commissioner and group's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and revenue and expenditure recognition. We determined that the principal risks were in relation to:
 - Journals and transactions outside the course of business; and
 - The significant accounting estimates in the financial statements, including those related to the valuation of property, plant and equipment, depreciation, the net pension fund liability and significant year-end accruals.
 - Our audit procedures involved:
 - evaluation of the design effectiveness of controls that the Chief Financial Officer has in place to prevent and detect fraud;
 - journal entry testing, with a focus on large and unusual journals;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of property, plant and equipment, depreciation, the net pension liability and significant year-end accruals;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
 - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
 - The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuation of property, plant and equipment, the net pension liability and significant year-end accruals.
- Our assessment of the appropriateness of the collective competence and capabilities of the Police and Crime Commissioner and group's engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the police sector
 - understanding of the legal and regulatory requirements specific to the Police and Crime Commissioner and group including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
 - In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Police and Crime Commissioner and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Police and Crime Commissioner and group's control environment, including the policies and procedures implemented by the Police and Crime Commissioner and group to ensure compliance with the requirements of the financial reporting framework.

E. Audit opinion - PCC

Report on other legal and regulatory requirements - the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves 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 2022.

Our work on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Police and Crime Commissioner's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

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 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 review of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied 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 arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

We document our understanding of the arrangements the Police and Crime Commissioner has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for the Police and Crime Commissioner for Devon and Cornwall for the year ended 31 March 2022 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 issued our Auditor's Annual Report.
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Police and Crime Commissioner for the year ended 31 March 2022.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

E. Audit opinion - PCC

Use of our report

This report is made solely to the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. 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 the Police and Crime Commissioner 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Alex Walling, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

F. Audit opinion – Chief Constable

Our audit opinion is included below. We anticipate we will provide the Chief Constable with an unmodified audit report

Independent auditor's report to the Chief Constable for Devon and Cornwall

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of the Chief Constable for Devon and Cornwall (the 'Chief Constable') for the year ended 31 March 2022 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the Police Officers' Pension Fund Statement. 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 2021/22.

Page 285 In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice [2020] ("the Code of Audit Practice") approved by the Comptroller and Auditor General. 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 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 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

We are responsible for concluding on the appropriateness of the Chief Financial Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Chief Constable's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Chief Constable to cease to continue as a going concern.

In our evaluation of the Chief Financial Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Chief Constable's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Chief Constable. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Chief Constable and the Chief Constable's disclosures over the going concern period.

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 at least twelve months from when the financial statements are authorised for issue.

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.

The responsibilities of the Chief Financial Officer with respect to going concern are described in the 'Responsibilities of the Chief Constable and the Chief Financial Officer for the financial statements' section of this report.

F. Audit opinion – Chief Constable

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts and Joint Annual Governance Statement, 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 of the Chief Constable 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.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Joint Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Joint Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Chief Constable, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- 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 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Chief Constable and the Chief Financial Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Constable is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer. The Chief Financial 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 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial 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 Financial Officer 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 there is an intention by government that the services provided by the Chief Constable will no longer be provided.

The Chief Constable is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

F. Audit opinion – Chief Constable

Auditor's responsibilities for the audit of the financial statements

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

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

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chief Constable and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011. We also identified the following additional regulatory frameworks in respect of the police pension fund; Public Service Pensions Act 2013, the Police Pension Fund Regulations 2007, the Police Pensions Regulations 2015 and the Police Pensions Regulations 2006.

- We enquired of senior officers and the Chief Constable, concerning the Chief Constable's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Chief Constable, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Chief Constable's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and revenue and expenditure recognition. We determined that the principal risks were in relation to:
 - Journals and transactions outside the course of business; and
 - the significant accounting estimates in the financial statements, including those related to the valuation of the net pension fund liability.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that the Chief Financial Officer has in place to prevent and detect fraud;
 - journal entry testing, with a focus on large and unusual journals;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of net pension fund liability;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

F. Audit opinion – Chief Constable

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- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the net pension fund liability.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the police sector
 - understanding of the legal and regulatory requirements specific to the Chief Constable including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Chief Constable's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Chief Constable's control environment, including the policies and procedures implemented by the Chief Constable to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements - the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves 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 2022.

Our work on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Chief Constable's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

Responsibilities of the Chief Constable

The Chief Constable is responsible for putting in place proper arrangements for securing 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 review of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Chief Constable 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.

F. Audit opinion – Chief Constable

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

We document our understanding of the arrangements the Chief Constable has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for the Chief Constable for Devon and Cornwall for the year ended 31 March 2022 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 Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report,
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Chief Constable for the year ended 31 March 2022.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

Use of our report

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable 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 Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

Alex Walling, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

G. Audit letters in respect of delayed VFM work



Alison Hernandez
Police and Crime Commissioner for Devon and Cornwall
Andy Hocking House
Anderson Drive
Exeter
EX2 7RP

Grant Thornton UK LLP
2 Glass Wharf
Temple Quay
Bristol
BS2 0EL
T +44 (0)117 305 7600

Jim Colwell
Temporary Chief Constable for Devon and Cornwall
Police Headquarters
Middlemoor
Exeter
EX2 7HQ

Grant Thornton UK LLP
2 Glass Wharf
Temple Quay
Bristol
BS2 0EL
T +44 (0)117 305 7600

20 September 2022

Dear Alison

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected. The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than January 2023.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours sincerely

Alex Walling
Director

20 September 2022

Dear Jim

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected. The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than January 2023.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours sincerely

Alex Walling
Director

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AGENDA NO: 12

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 27 SEPTEMBER 2022

FOIA: OPEN

TITLE OF REPORT: ANNUAL ASSURANCE MAP

REPORT BY: Jo George –Senior Audit Manager

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	X
Internal Audit	X
External Audit	
Financial reporting	
Other matter <i>(please specify here)</i>	
Appendices <i>(please specify the number)</i>	2

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	X
Note the report	
Other <i>(please specify here)</i>	

1. BACKGROUND INFORMATION

- 1.1 Assurance Mapping is set out as a requirement of the PSIAS (Public Sector Internal Audit Regulations).

- 1.2 The terms of reference for the Independent Audit Committee (IAC) give specific responsibility to consider the wider governance and assurance framework and consider reports on its adequacy to address the risk and priorities of the PCCs and Chief Constables.
- 1.3 Assurance mapping is a collection of assurances against specific risks in a visual chart or table that draws assurances together in one map to show the different areas where assurance is received. The map can be used as a tool for governance arrangements, supporting the audit committee, executive and management to take an objective view of the organisations risks and from where it receives assurance on those risks or has gaps in its assurance framework. This should lead to better management of those risks.
- 1.4 On finalisation of each assurance map against a specific risk, recommendations are agreed and allocated an action owner. Internal Audit then work with the service area to support them to complete the recommendations made.

2. ASSURANCE MAPPING

- 2.1 The combined assurance map (Appendix A) has focused on reviewing strategic organisational risks. Each map is a moment in time where all the assurances available for any given risk are reviewed to form a view on how well they integrate with each other and to identify if there are any obvious gaps in their management.
- 2.2 Our approach has identified key controls on strategic risks which the forces rely on to ensure integrity and effectiveness. The summary assurance map is underpinned by individual operational assurance maps for each of the key services noted. The operational maps have been populated with details of how and where the business operational controls are working (First Line), assurance oversight, management and compliance reporting (Second Line) and any independent challenge and audit/regulator reviews available (Third line).
- 2.3 In summary the scoring methodology is based on:
 - Red - Something is missing that requires action.
 - Amber - An area needs to be developed slightly to improve the effectiveness and integrity
 - Green - No action required.
- 2.4 Copies of the detailed assurance maps for each of the areas highlighted within Appendix A, are filed in the Independent Audit Committee Drive, under Assurance Maps.

- 2.5 The map to date has focused on strategic organisational risks, and it is envisaged that the Strategic Risks contained within this annual assurance map will be revisited overtime as it is ultimately a snapshot in time.
- 2.6 The three assurance maps prepared in the 2020/21 financial year were for:
- Business Continuity
 - Cyber Security
 - Clinical Governance
- 2.7 These three maps will be revisited in the coming year. The recent Executive decision to separate the governance of some operational policing functions to be force specific, will mean that the assurance framework will change fundamentally and therefore force specific maps will be required for both Business Continuity and Clinical Governance.
- 2.8 The assurance map for Cyber Security also needs refreshing and again this will be prepared in the coming year. It should be noted that this is a High Priority Risk in both Force Risk Registers with a constantly changing risk profile.

3. ROLE OF THE INDEPENDENT AUDIT COMMITTEE

- 3.1 IAC require assurance from various sources to satisfy their role. A wider assurance map of key sources of assurance for this committee to enable it to fulfil its terms of reference has been updated and is attached as Appendix B.
- 3.2 Another source of assurance is the HMICFRS reviews which are linked to the Force Management Statements prepared by each force. The assurance map undertaken on the Force Management Statements is intended to provide assurance that the preparation and governance of these statements is well managed.

4. MOVING FORWARD

- 4.1 We are currently working on a Fraud Assurance Map which is identifying fraud risks within each department across the two forces. The focus is to ensure we have adequate lines of defence for any potential frauds against the two forces.
- 4.2 This assurance mapping work will support the internal fraud strategy, which was a recommendation from a previous meeting of IAC, as well as recommendations arising from the SWAP report on Regional Forces Baseline Assessment of Fraud.

27 July 2022

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Working Together – Dorset Police and Devon & Cornwall Police – Assurance Mapping 2021/2022

Assurance Map 2021/22

	Substantial assurance from most recent independent report/audit/assurance activity
	Reasonable assurance from most recent independent report/audit/assurance activity
	Limited assurance from most recent independent report/audit/assurance activity

			LINES OF DEFENCE				Tag					
	RISK	IMPACT	LINE 1 MANAGEMENT Operational/Tactical	LINE 2 MANAGEMENT Corporate Oversight/Strategic	LINE 3 INDEPENDENT Assurance Providers		Reputation	H&S	Finance	IT	Info Security	Training
A	Force Management Statements (DP & DCP) – November 2021											
	The process of preparation for the FMS	G	G	G	G		X	X	X	X	X	X
	The scrutiny and governance reporting of the FMS	G	G	G	G		X	X	X	X	X	X
	The process of validation undertaken for the assumptions made as part of the FMS	G	G	G	G		X	X	X	X	X	X
	Reporting and management of HMICFRS reviews and recommendations from the FMS	G	G	G	G		X	X	X	X	X	X
B	Environment & Sustainability (D&C) – Aug 2022											
	Environmental Sustainability Policy & Strategy	A	A	G	G		X		X			
	Environmental Sustainability Governance	G	G	G	G		X		X			
	Carbon Footprint – Measurement of Performance	A	G	G	A		X		X			
	Environmental and Sustainable Procurement	A	A	A	A		X		X			
	Financial & Valuation Risk	R	R	R	R		X		X			
	Value for Money Risk (Decarbonisation)	A	A	A	A		X		X			
	Sustainability Awareness & Training	A	A	G	A		X		X			X

Working Together – Dorset Police and Devon & Cornwall Police – Assurance Mapping 2021/2022

			LINES OF DEFENCE				Tag					
	RISK	IMPACT	LINE 1 MANAGEMENT Operational/Tactical	LINE 2 MANAGEMENT Corporate Oversight/Strategic	LINE 3 INDEPENDENT Assurance Providers		Reputation	H&S	Finance	IT	Info Security	Training
C	Environment & Sustainability (Dorset) – Aug 2022											
	Environmental Sustainability Policy & Strategy	R	R	A	A		X		X			
	Environmental Sustainability Governance	A	G	G	A		X		X			
	Carbon Footprint – Measurement of Performance	A	G	G	A		X		X			
	Environmental and Sustainable Procurement	A	A	A	A		X		X			
	Financial & Valuation Risk	R	R	R	R		X		X			
	Value for Money Risk	A	A	A	A		X		X			
	Sustainability Awareness & Training	A	A	G	A		X		X			X
D	Health & Safety – July 2022											
	H&S Training	G	G	G	G			X				X
	H&S Governance	A	A	G	G		X	X				
	H&S Awareness	G	G	G	G			X				X
	Inspection Regime of Buildings	A	G	G	A		X	X				
	RIDDOR Accidents	G	G	G	G			X				
	Fire Risk Assessments	A	G	G	G			X				
	Risk Assessments / Non-Operational	G	G	G	G			X				
	Risk Assessments / Operational (Dynamic / Generic and Specific)	G	G	G	G			X				
	COSHH	G	G	G	G			X				

APPENDIX B

OVERALL ASSURANCE MAP FOR INDEPENDENT AUDIT COMMITTEE

The assurance activities provided or carried out throughout both forces are presented within the total assurance framework. The audit committee should be aware of the total assurance picture. However, the audit committee does not have to deal with all the topics and parts of an assurance picture, but it should know that the organisation has assurance over all of these aspects.

The diagram below shows the types of assurance activities that contribute towards a total assurance framework.



APPENDIX B

OVERALL ASSURANCE MAP FOR INDEPENDENT AUDIT COMMITTEE

The Total Assurance diagram above, is linked to the Terms of Reference for the Independent Audit Committee, so the colour coding shows how the supporting documents that the audit committee receive are linked to the Total Assurance Map.

LEGISLATIVE COMPLIANCE
AGS (Annually)
Statement of Corporate Governance (Every 2 years)
Scheme of Governance (Every 2 years or after PCC appointment)

RISK MANAGEMENT
Risk management framework including policy and procedures (Annually)
Oversight of strategic risks (Quarterly)
Receiving assurance statements on risk mitigation activity (Quarterly)

EXTERNAL AUDIT
Quarterly progress reports (Quarterly)
Reviewing the plan of work (Annually)
Considering the annual management letter (Annually)
Report to those charged with governance (Annually)
Receipt of reports and updates by external audit (Quarterly)

INTERNAL AUDIT
Internal Audit Charter (Annually)
Considering the Annual Audit Plan (Annually)
Receiving quarterly updates of progress against the plan (Quarterly)
Annual Audit Opinion Statement (Annually)
Copies of audit reports stored on the IAC Drives (Quarterly)
Summary reports and with actions (Quarterly)
Annual report - High ranked audit recommendations that have not been completed in agreed timescales (Annually)
Assurance Map (Annually)

FRAUD & CORRUPTION
Reviewing the counter-fraud and corruption strategy (Every 2 years)
Reviewing the 'whistleblowing' policy (Every 2 years)
Annual report on Fraud & Corruption Investigations (Every 2 years)
Reviewing the gifts and hospitality policy and declarations (Every 2 years)
National Fraud Initiative outcomes (Every 2 years)

OTHER INDEPENDENT AUDIT / REVIEW
HMIC Value for Money reports (Annually)
VFM comparisons with other forces (Annually)
Committee's annual report to Chief Constables and PCC's (Annually)

APPENDIX B

OVERALL ASSURANCE MAP FOR INDEPENDENT AUDIT COMMITTEE

FINANCIAL GOVERNANCE
Budget planning process (Annually)
Medium Term Financial Plan (Annually)
Financial Regulations (Every 2 years)
Standing Orders on Contracts (Every 2 years)
Summary of the Code of Governance (Every 2 years)
Reserve Strategy (Annually)
Treasury Management Strategy (Annually)
Capital Strategy (Annually)
Insurance programme, insurance broker appointments, insurance renewal process and arrangements for risk financing (Annually)
Consider the annual summary of the number of liabilities claims against the forces (Annually)
Board and Meeting structure (Annually)
Annual Statements of Accounts (Annually)
Review of relevant accounting policies (Annually)
LARGE PROJECT ASSURANCE
Relevant governing documents for those partnerships or collaborations (At inception, or after any change)

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DORSET
POLICE



PCC
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and Crime Commissioner
Devon and Cornwall



AGENDA NO: 13

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 27 SEPTEMBER 2022

FOIA OPEN

TITLE OF REPORT: INTERNAL AUDIT – UNTAPPED POTENTIAL

REPORT BY: Karen James – Head of Audit, Insurance and Strategic Risk Management.

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	
Internal Audit	X
External Audit	
Financial reporting	
Other matter <i>(please specify here)</i>	
Appendices <i>(please specify the number)</i>	1

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	X
Note the report	
Other <i>(please specify here)</i>	

1. BACKGROUND INFORMATION

- 1.1 CIPFA advocates best practice in assurance, governance, management and financial control across the public sector and with this mind wanted to review the contributions of internal audit. To do this they carried out UK-wide survey of those in public services, internal audit profession, management clients and

audit committee members. The findings were published in their report - Internal audit: untapped potential. (CIPFA May 2022).

- 1.2 The conclusion of the report was that where internal audit is operating effectively, it is providing a vital role in supporting public organisations to achieve their goals however there are pockets where internal audit is not able to do this.
- 1.3 The report explores how internal audit is currently making an impact, where it could do more and what is holding it back.

2. KEY FINDINGS

- 2.1 The full report is available should members wish to see it. Five areas were identified as key indicators of an effective internal audit function:
 - I. Good engagement with senior management and the audit committee, while maintaining independence and objectivity.
 - II. Internal audit plans clearly aligned to the topics that are most important for the success of the organisation.
 - III. Timely and meaningful assurance, communicated in a way that is understood by the stakeholders.
 - IV. The ability to challenge constructively and to help management find solutions.
 - V. The ability to respond to emerging risks or issues and changing priorities for the organisation.
- 2.2 It was found that no matter how effective and impactful an audit team might be their effectiveness was enhanced when operating in an organisation that understands assurance and the role of internal audit and engages with internal audit to obtain the maximum benefit from the function. Such organisations have strong governance, risk and assurance arrangements together with clear reporting lines for audit matters.
- 2.3 However, organisations need to be confident of the technical skills of the internal audit team, their capacity and capability to meet current and future requirements of the organisation together with the right behaviours and softer skills including strategic thinking and the ability to work proactively, flexibly and at pace.

3. ROLE OF THE AUDIT COMMITTEE

- 3.1 Audit committees have a key role to play in the effectiveness of the internal audit function, and CIPFA published strengthened guidance on audit committees in April 2022 to support this. This guidance has previously been shared with members.
- 3.2 CIPFA suggest that audit committees should have a key role alongside senior management in setting the expectations for internal audit performance,

suggesting regular meeting between the audit committee chair and the head of internal audit.

- 3.3 Whilst the audit committee review the internal audit plan and may be consulted in its development as a key stakeholder, ultimately the audit plan should be the work of the head of internal audit setting out their independent view of the assurance priorities of the Force.
- 3.4 The committee should be seeking assurance on the quality of the internal audit work including compliance with relevant professional standards.
- 3.5 Assurance does not come only from internal audit. Members will have received earlier on the agenda the Annual Assurance Map and appendices for Devon & Cornwall and Dorset Police. In addition, a briefing paper on the areas of assurance provided by the HMICFRS has previously been provided to Members in June 2022. This can be found in the Independent Audit Committees reference document folder.
- 3.6 Attached at Appendix A is a copy of the CIFPA top ten questions that senior management and audit committees should be asking to obtain maximum impact from internal audit, which members may wish to consider.

4. MOVING FORWARD

- 4.1 Devon & Cornwall and Dorset Police have always worked closely with our internal audit provider, SWAP, and supported the production of a risk-based audit plan linked to the Force priorities.
- 4.2 There are clear reporting lines in both Forces for all audit matters, through the Resources Board and the Resource Control Board however, we welcome the opportunity this report presents to reflect on these arrangements and consider how we can better support internal audit moving forward, to further improve the effectiveness of both Forces.

27 July 2022

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Maximising the impact of internal audit

Ten questions to ask your internal auditors

Suggested questions that senior management and audit committees should be asking to obtain the maximum impact from internal audit. Comparing views on these questions with the head of internal audit may also lead to some useful discussions.

Engagement with the organisation

1. Does internal audit receive the right level of support and engagement from the audit committee?
2. Does internal audit get good engagement from across the organisation when it plans and conducts audits?
3. Do managers within the organisation seek advice or assurance from internal audit?
What are the drivers of or obstacles to this?
4. Has the head of internal audit indicated that resources (capability or capacity) need to increase?
What steps are being taken to address this?

Quality, impact and continual improvement

5. Does internal audit conform to PSIAS as demonstrated by an independent external quality assessment undertaken within the last five years?
For local government organisations, this should also include conformance with the Local Government Application Note.
6. What action is internal audit taking to continually improve its quality, engagement and impact for the organisation?
Is internal audit considering the skills and competencies it will need in the future as well as now?

Assurance

7. Is there a clear view of the assurance that internal audit does, and does not, provide?
What assurance is provided by other functions or parties?
Are there gaps in the assurance that management or the audit committee require?
8. How do internal audit plans map to the organisation's strategic priorities and risks?
9. How is internal audit developing its approach to providing assurance – for example, making greater use of data or undertaking audits with a more strategic focus?

Strategy

10. What factors currently determine our internal audit strategy?
Are we confident that the strategy will deliver our internal audit needs in the future?

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AGENDA NO: 14

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 27 SEPTEMBER 2022

FOIA: OPEN

TITLE OF REPORT: PSAA Procurement Process Update

REPORT BY: Karen James – Head of Audit, Insurance and Strategic Risk Management.

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	
Internal Audit	
External Audit	X
Financial reporting	
Other matter <i>(please specify here)</i>	
Appendices <i>(please specify the number)</i>	1

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	
Note the report	X
Other <i>(please specify here)</i>	

1. BACKGROUND INFORMATION

- 1.1 A paper was last presented to Members on the external audit appointment process at the December 2021 meeting of the Committee.
- 1.2 Following that meeting the decision was made by Dorset and Devon & Cornwall Police to opt into the PSAA procurement process.

- 1.3 The procurement process covered the audits of the accounts for eligible bodies from 2023/24 to 2027/28 was conducted by the PSAA in accordance with the Code of Audit Practice with the final submission of tenders required by 12 noon on the 11 July 2022.

2. APPOINTMENT PROCESS

- 2.1 The indicative timetable for the appointment of auditors and their approach is attached at Appendix A for your information.
- 2.2 In accordance with Section 13 of the Local Audit (Appointing Person) Regulations 2015, before appointing an auditor to an opted-in authority they must be consulted with, however the PSAA do not need approval from that authority to make the appointment.
- 2.3 There are a number of considerations being made by the PSAA relating to the audit provider as well as the audited body. In particular to the following criteria, with their stated approach detailed below:

Requests for the same auditor appointment as other bodies due to the partnership or collaboration working at that may impact on audit responsibilities.

We will make proposals that accommodate as many requests from opted-in bodies as we can, it is unlikely that we will be able to satisfy all request. Where this is the case, we will provide an explanation.

Status of the prior year's audits at an audit body.

Where possible we will seek to appoint suppliers without a 2017 contract to bodies where the audits are up to date. Where an audit is substantially delayed there are likely to be benefits in retaining the same auditor.

Continuity of auditor having regard to Guidance and Terms of Appointment.

We will rotate audit suppliers where appropriate to comply with best practice and avoid the familiarity risks of long tenure.

We will also have a general preference to seek to maintain continuity of auditor unless there is a good reason to do so.

Other factors

The potential to increase the number of suppliers that provide services in those areas with a dominant supplier.

3. **NEXT STEPS**

- 3.1 In accordance with the timetable consultation with opted-in bodies will take place between 3 October and 1 November 2022, with any representations being considered during November 2022.
- 3.2 The final schedule of appointments will be determined on the 16 December 2022 and opted-in bodies and suppliers informed of the appointments on the 19 December 2022.

1 August 2022

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Auditor appointment process 2022

Following the completion of the procurement of audit services (which we envisage will be around August 2022), we will start the auditor appointment process.

Section 13 of the Local Audit (Appointing Person) Regulations 2015 states that “Before appointing a local auditor to an opted-in authority, an appointing person must consult the authority about the proposed appointment”.

Clause 13 of our contract terms is clear that the proposed appointment of a supplier to an audited body is a decision made by PSAA following consultation with (but for the avoidance of doubt not requiring the agreement or approval of) the supplier. It states that in making the appointment PSAA will consider the following criteria amongst any other matters that are relevant.

Approach

Our proposed approach is set out below for each criterion.

Threat to independence / conflict of interest between the supplier and audited body

Auditor independence is the principal consideration so we will not propose an appointment where a supplier has declared a clear independence constraint.

Obligations owed to the supplier under this contract in relation to contract value

We will propose appointments to audits that deliver our contractual obligation which is a minimum of 80% of the contract value. In practice we are likely to propose appointments valued at close to 100% in order to take maximum advantage of the capacity on offer.

Requests for the same auditor appointment as other bodies due to partnership or collaboration working that may impact on audit responsibilities

We will make proposals that accommodate as many requests from opted-in bodies as we can, but it is unlikely that we will be able to satisfy all requests. Where this is the case we will provide an explanation.

Supplier desirability to be appointed to a blend and mixture of body types

We will make proposals that are mindful of this criterion. However with 13 contract lots that vary significantly in size, and with different supplier preferences we are likely to see inconsistency between the Lots.

Location of supplier's principal offices, any specified geographical preferences and location of audited body principal office

Again, we will make proposals that are mindful of this criterion. However we specifically enabled suppliers awarded the lots 1-10 (standard lots) to identify up to four geographies that would be least convenient for them to audit and which would attract a 30% premium on their bid rate if they were appointed to an audit in that geography. We will try to avoid appointments to these "less convenient" audits though that cannot be guaranteed.

For suppliers awarded lots 11-13 (development lots), we will only propose appointments in the geographies that they selected. If there are circumstances in which it would be useful for such a supplier to accept one or more appointments in a different geographical area (say in order to satisfy a joint working request), we will contact the supplier to test out their willingness to accept other appointments.

In addition the increased use of hybrid working means that location is not quite as significant a consideration as it was previously.

Status of the prior years' audits at an audit body

Where possible we will seek to appoint suppliers without a 2017 contract to bodies where the audits are up to date. Where an audit is substantially delayed there are likely to be benefits in retaining the same auditor.

Continuity of auditor having regard to Guidance and the Terms of Appointment

We will rotate audit suppliers where appropriate to comply with best practice and avoid the familiarity risks of long tenure.

We will also have a general preference to seek to maintain continuity of auditor unless there is a good reason to do so.

Other factors

We will also be mindful of other relevant factors when developing auditor proposals, such as:

- seeking to avoid appointing a supplier to an audit that it has relinquished in the current appointing period;
- the potential to increase the number of suppliers that provide services in those areas with a dominant supplier;
- where in our view a fresh pair of eyes may be beneficial to the audit; and
- any audits covered by a current contract that we intend to extend.

In summary, the development of proposed auditor appointments will require careful consideration of the many various criteria.

Indicative timetable

Indicative timing	Activity
5 - 31 August	Develop proposed schedule of appointments and gain PSAA Board approval
2 - 30 September	Consult suppliers on proposed schedule of appointments, and adjust as needed
3 October – 1 November	Consultation with opted-in bodies on proposed auditor appointments
2 – 10 November	Consider opted-in bodies' representations and propose responses
17 November	PSAA Board determines response to opted-in bodies' representations
21 November – 6 December	Consultation on revised auditor appointment, where representation upheld
7 – 9 December	Consider representations and propose responses
16 December	PSAA Board to determine final schedule of appointments
19 December	Inform opted-in bodies and suppliers of auditor appointments and publish an appointments directory on our website

If you have a specific enquiry about the 2022 auditor appointment process, please contact us at ap2@psaa.co.uk.



INDEPENDENT AUDIT COMMITTEE TERMS OF REFERENCE

Statement of purpose

The Independent Audit Committee is a key component of the corporate governance for Devon & Cornwall Police, the Police and Crime Commissioner for Devon and Cornwall and for Dorset Police and the Police and Crime Commissioner for Dorset.

The purpose of the Independent Audit Committee is to provide independent advice, assurance and recommendations to the Chief Constables and Police and Crime Commissioners of Devon & Cornwall and Dorset respectively on the adequacy of the governance and risk management frameworks, the internal control environment and financial reporting, thereby helping to ensure efficient and effective assurance arrangements are in place. To this end, the Committee is enabled and required to have oversight of, and to provide independent review of, the effectiveness of all governance, risk management and control frameworks, its financial reporting and annual governance processes, and internal and external audit.

The Committee should give such advice and make recommendations on improvements as it considers appropriate, and to request any report, policy or other document to provide the assurance sought.

The Chartered Institute of Public Finance and Accountancy, CIPFA, notes the importance of the capacity of the Committee 'to promote good governance, make things better and not only review what happened in the past'¹.

The Committee will review its own effectiveness and provide an annual report to the Chief Constables and Police and Crime Commissioners.

These terms of reference summarise the core functions of the Committee in relation to the offices of the Chief Constables and Police and Crime Commissioners.

Governance, risk and control

- To review the Annual Governance Statements (AGS) and consider whether they properly reflect the governance, risk and control environment, supporting assurances and identify any actions for improvement. This will include considering:
 - *Annual Governance Statements*
 - *Assurance Maps*

¹ *CIPFA Audit Committees, Practical Guidance for Local Authorities and Police, 2018 edition*

- To consider the arrangements to secure value for money and their effectiveness. This will include considering:

- *Statement of Accounts preparation – changes for the forthcoming year*
 - *Medium-Term Financial Plan (annually)*
 - *Financial Regulations (every 2 years)*
 - *Standing Orders on Contracts (every 2 years)*
 - *The policy and strategy for reserves (annually)*
 - *HMICFRS Value for Money profiles(annually)*
- The Committee will seek assurance on the effectiveness of risk management arrangements. This will include:
 - Strategic Risk Management Framework, including policy and procedures
 - Assurance will include a biennial audit by the internal audit provider
 - Consider the annual report on insurance claims data/insurance risk
- Consider the wider governance and assurance framework and consider reports on its adequacy to address the risks and priorities of the Chief Constables and Police and Crime Commissioners. This will include:
 - *Summary of the Code of Governance (every 2 years)*
 - *Statement of Corporate Governance (every 2 years)*
 - *Scheme of Governance (every 2 years)*
 - *Financial Regulations (every 2 years)*
 - *Board and meeting structure (annually)*
 - *Annual Governance Statements*
- Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
 - *Quarterly internal audit reports*
- Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy.
 - *Annual report on Fraud and Corruption Investigations*
 - *National Fraud Initiative outturn report*
- Review the governance and assurance arrangements for significant partnerships or collaborations.
 - *Audit reports and Code of Governance*
- Consider other reports as may be relevant to governance, risk and control, when necessary. For example, non-operational HMICFRS reports, or matters raised by the Chief Financial Officers, treasurers or monitoring officers.

Internal audit

- Review the Internal Audit Charter and resources, by considering:
 - *Internal Audit Charter (annually)*
- Review the Internal Audit Plan and subsequent amendments to the plan by:
 - *Considering the Annual Audit Plan and receiving updates of progress against the plan (quarterly)*
- Consider the adequacy of the performance of the internal audit service and its independence, and report on the effectiveness of the internal audit function, as appropriate, or at least annually in the annual report to Chief Constables and Police and Crime Commissioners.
- Consider the annual report and opinion from internal audit, a regular summary of the progress of internal audit activity against the audit plan and the level of assurance it can give on corporate governance arrangements.
 - *Annual report and opinion*
- To consider internal audit reports, recommendations and progress against the recommendations. This will include reviewing:
 - *Internal Audit quarterly update and highlights report*
Annual report on Audit Recommendations
- To consider the head of internal audit's annual statement of the level of conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Audit Note (LGAN) and the results of the Quality Assurance and Improvement Programme (QAIP) that support the statement. These will indicate the reliability of the conclusions of internal audit. This will include reviewing:
 - *Annual Audit Statement*
 - *External Assessment, Quality Assessment Improvement Plan (QAIP)*
- To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To make recommendations or safeguards to limit such impairments and periodically review their operation.

External audit

- Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review any issues raised by either Public Sector Audit Appointments Limited (PSAA) or, the auditor panel as appropriate.
- Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money This will include reviewing:
- *Quarterly progress reports*

Fees for External Audit

External Audit Certificate of Audit Completion and Value for Money Report

- Consider the auditor's annual management letter, relevant reports and the report to those charged with governance.
 - *External Audit Findings Report*
- Consider specific reports as agreed with external audit.
 - *Receipt of reports and updates by external audit (quarterly)*
- Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies, as necessary or within the annual report to Chief Constables and Police and Crime Commissioners.

Financial reporting

- Review the annual statements of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements, or from the audit of the financial statements that need to be brought to the attention of the relevant Chief Constable or Police and Crime Commissioner. This will include reviewing the:
 - *Annual Statements of Accounts*
 - *Treasury management strategy and outturn reports*
 - *Draft Capital Strategy*
 - *Joint Annual Audit Letter*
- Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.

Accountability arrangements

The Committee will:

- Report to the Police and Crime Commissioners and Chief Constables on a timely basis, with its advice and recommendations in relation to any matters considered relevant to governance, risk management and financial management, including after each meeting of the Committee.
- Review its performance against its terms of reference and CIPFA guidance annually and report the results of this review to the Police and Crime Commissioners and Chief Constables.
- Produce and publish an annual report on the work of the Committee to the Police and Crime Commissioners and Chief Constables.

The list of documents to provide assurance is not exhaustive and additional assurance can be requested or provided as appropriate.

Operating Principles

These are set out separately in the Committee's Operating Principles document.

Review

The terms of reference will be subject to annual review by the Head of Audit, Insurance and Strategic Risk Management in conjunction with the Chair of the Independent Audit Committee and approved by the Chief Constables and Police and Crime Commissioners.

Date of next review: September 2023



WORKING
TOGETHER



DORSET
POLICE



PCC
Office of the Police
and Crime Commissioner
Devon and Cornwall



DORSET
POLICE & CRIME
COMMISSIONER

INDEPENDENT AUDIT COMMITTEE

OPERATING PRINCIPLES

INTRODUCTION

The statutory Financial Management Code of Practice requires that a Chief Constable (CC) and a Police and Crime Commissioner (PCC) establish an Independent Audit Committee and recommends that this should be a combined body.

The Chief Constables and Police and Crime Commissioners of Devon & Cornwall and Dorset (the four corporations sole) have created a single Independent Audit Committee to advise them.

If the Independent Audit Committee has concerns about a specific governance or audit matter it may request the relevant policy or strategy to be presented to the Committee in order that assurance may be obtained, and constructive comment provided where appropriate.

The Independent Audit Committee is to provide independent assurance to the PCCs and the CCs about the adequacy of the risk management framework and the associated control environment; to provide independent scrutiny of the Forces and PCCs financial and non-financial performance to the extent that it affects their exposure to risk and weakens the control environment, and to oversee the financial reporting process.

The Independent Audit Committee will comment and provide advice and assurance on any matter relating to the internal control environment of the Forces and the PCCs. In addition to internal and external audit, the functions to be overseen by the Committee will include relevant control strategies, such as risk management, the PCCs and CCs governance and assurance statements, and anti-fraud and anti-corruption arrangements. The Committee will also maintain oversight of general governance matters and comment on proposed new or revised Force or PCC policies and strategies which, in the opinion of the Chief Financial Officers, are significant in terms of financial risk and probity. If the Committee has concerns about a specific governance or audit matter within its remit, it may request the relevant policy or strategy to be presented to the Committee in order that assurance may be obtained.

For the benefit of doubt, the scope of the Independent Audit Committee's remit does not extend to Force performance and Force operational risks, or HMICFRS reports with an operational focus. Day-to-day management of the internal audit function and any reviews that may be carried out by Police and Crime Panels are also out of scope.

This document supports the Terms of Reference for the Independent Audit Committee.

COMPOSITION

The Financial Management Code of Practice suggests that the Independent Audit Committee should comprise between three and five members, independent of PCCs and Forces. The four corporations' sole have agreed that their Independent Audit Committee should have five members, with a quorum of three, to provide a reasonably robust and resilient approach for the Committee to discharge its duties effectively.

CHAIR AND VICE-CHAIR

The Independent Audit Committee will elect the Chair and Vice-Chair annually. It is a matter for the members of the Independent Audit Committee to decide any restriction on the number of terms of office for the Chair and Vice-Chair. In doing so Members have a duty to consider individual tenure of the Independent Audit Committee together with the need to effectively prepare for succession planning in both the role of Chair and Vice Chair as well as consideration of a longer-term appointment for the Chair in line with CIPFA Practical Guidance for Audit Committees.

ELIGIBILITY

Independent Audit Committee Members must be independent of both Forces and PCCs. Serving police officers, police staff or members of staff employed in the Office of the PCC (OPCC) are not eligible for appointment. A person who has previously been so employed must have a minimum two-year break before being eligible for appointment to serve on the Independent Audit Committee.

A person who has been appointed or co-opted to serve on the Police and Crime Panel or, is a councillor or an employee of a council represented on the Panel is not eligible for appointment to the Independent Audit Committee. A person who has previously been so engaged must have a minimum two-year break before being eligible for appointment to the Independent Audit Committee.

Members must have been successfully vetted to non-police personnel vetting (NPPV) basic level before confirmation of their appointment to the Independent Audit Committee. They must declare all arrests, convictions and cautions on the vetting form and whether they are 'spent' under the terms of the Rehabilitation of Offenders Act.

A person who is an undischarged bankrupt is not eligible for appointment to the Independent Audit Committee.

All members must uphold the College of Policing – Code of Ethics and the Committee on Standards in Public Life's seven principles of Public Life. They are required to inform the Monitoring Officer immediately if they become aware of any allegation or complaint that could have a bearing on their conduct or integrity. The Monitoring Officer is the Chief Executive of either Devon & Cornwall or Dorset.

Failure to meet and uphold the necessary standards may result in removal as a member of the Independent Audit Committee.

Independent Audit Committee members are required to declare relevant pecuniary and other interests which will be recorded in a register of such interests kept by the Monitoring Officer. Additionally, in connection with attending meetings of the Independent Audit Committee, relevant personal or prejudicial interests must always be declared in the approved manner. Relevant gifts and hospitality received must also be declared.

It is a condition of appointment that all Independent Audit Committee members accept that their name, photograph, all declarations of interest, remuneration and expenses received as a committee member, and registered gifts and hospitality may be made publicly available.

In the interests of individual effectiveness and personal development, it is also a condition of appointment that all Independent Audit Committee members accept that they will be the subject of an annual appraisal process with the Chair of the Committee. The Chair of the Independent Audit Committee will be appraised by the Chief Financial Officers of Devon & Cornwall and Dorset. Appraisals will include discussion of the support provided by other Committee members as well as professional or administrative officers.

RECRUITMENT

Recruitment of new members to the Independent Audit Committee will be carried out, where possible in conjunction with the Chair of the Audit Committee and all appointments will be approved by the CCs and PCCs, or their representatives.

The primary considerations when recruiting will be to maximise the Committee's diversity, knowledge base, skills, ability to be objective and independent and have Committee membership that works well together.

Where possible open recruitment will commence six months prior to the end of any Committee member tenure period.

TENURE

Members of the Independent Audit Committee can serve a term of up to five years, reporting directly to the respective PCCs and CCs. No person is to serve on the Committee for more than ten consecutive years.

If a member chooses to resign from their appointment, they should give six months' notice, unless their circumstances have changed in ways that make it appropriate to resign earlier.

At the end of a tenure period, an open recruitment process will take place, where members will have the opportunity to reapply for a position subject to the maximum tenure of ten consecutive years.

If a member's performance as an Independent Audit Committee member is decided to be unacceptable, or if their conduct (including conflicts of interest) is unacceptable the appointment will be terminated. Generally, a one-month notice period following the approval of the CCs and PCCs will be given unless the conduct is such that the CCs and PCCs consider it appropriate for immediate dismissal. During the one-month notice period attendance at meetings of the Independent Audit Committee will be suspended unless agreed by the Committee Chair or Vice Chair in the case of suspension of the Chair.

CO-OPTING

In usual circumstances any vacancy in Independent Audit Committee membership will be filled by open recruitment, however, in exceptional circumstances it may be expedient to co-opt a member.

The decision to co-opt must have the explicit agreement of the majority of CCs and PCCs in advance of any selection and appointment process. The number of Committee members including the co-opted member will be no more than the maximum size of the Independent Audit Committee (five members).

The selection of the co-opted member will be based on their specialist knowledge, skills and expertise, and will include consideration of a written application/cv and a suitability interview. The proposed co-opted member is required to pass the normal vetting and right to work processes. The final appointment must be confirmed by the majority of CCs and PCCs.

The co-opted member will be remunerated at the same rate as a committee member.

The tenure of the co-opted member can be no longer than the next cycle of open recruitment. The co-opted member can apply in open competition should they wish to be considered for a permanent appointment. Any appointment term will include the period when they were a co-opted member.

The co-opted member cannot be appointed as the Chair or Vice Chair of the Independent Audit Committee, but otherwise has the full rights and responsibilities of other Committee members.

FREQUENCY OF MEETINGS

The Independent Audit Committee will normally meet four times each year, at appropriate times during the audit and financial reporting cycle. Exceptionally, ad-hoc meetings of the Committee may be scheduled if agreed by the two Force Chief Finance Officers, in conjunction with the two Chief Executive Officers.

The Independent Audit Committee can meet internal and external audit as felt necessary by the Committee, with no officers' present.

In addition, the members can hold meetings in private for briefings, training and development. Formal decisions cannot be taken at such meetings.

Papers will normally be sent to members one week and one day (8 days) before each formal meeting of the Committee. Late papers will be submitted as a matter of exception and only with the agreement of the Committee Chair.

The Chair's papers briefing will take place a minimum of three days (3 days) before each formal meeting of the Committee.

The CCs and PCCs may ask the Independent Audit Committee to convene further meetings to discuss issues on which they seek the Committee's advice. Such meetings will have a minimum notice of five working days.

A forward plan of meeting dates will be in place with a minimum of two meetings in advance.

ATTENDANCE

A minimum number of three (3) members must be present for a meeting to be quorate.

Members are required to attend a minimum of three of the formal Independent Audit Committee meetings in any year, except in exceptional circumstances.

The meetings will generally be held using a secure virtual meeting solution, although there may be an occasional requirement to meet in person. Normally, there will be a least one meeting held in a single physical location.

COMMISSIONER AND CHIEF CONSTABLE REPRESENTATION

The Financial Management Code of Practice requires the executive of the PCCs and CCs to be represented at meetings of the Independent Audit Committee. This would normally include the Chief Finance Officers and the Chief Executives/Monitoring Officers, plus other OPCC or Force representatives as deemed necessary by the PCCs and CCs.

PROFESSIONAL AND ADMINISTRATIVE SUPPORT

Reasonable executive and administrative support will be provided to allow the Independent Audit Committee to achieve its purpose. Such support will provide or assist in providing timely production of agendas and reports, management of the Committee's IT library of relevant support papers and background documents, reports produced by the Committee, including the Committee annual report and annual review of the Committee's effectiveness.

The allocation of secretariat support to the Independent Audit Committee and its funding will be agreed by the PCCs and CCs, as and when necessary.

With the joint approval of the respective Chief Financial Officers of the PCCs and CCs the Committee may procure specialist advice, where this is not already available within existing Independent Audit Committee support arrangements or, it is not considered appropriate to use that support.

METHODS OF WORKING

The Independent Audit Committee will have a supportive and constructive ethos, providing robust challenge to enable it to provide credible assurance to the CCs and

the PCCs on relevant financial and governance matters. The Committee will advise the CCs and the PCCs according to good governance principles and the adoption of appropriate risk management arrangements.

The Independent Audit Committee will take account of the principles of Corporate Social Responsibility (CSR) which includes financial and economic stewardship (including Value for Money); people and communities (including Diversity, Equality and Human Rights) environmental sustainability and health & safety. All members will follow the College of Policing Code of Ethics.

Members of the Independent Audit Committee who attend other meetings or events on behalf of the Committee will provide a written report to the Committee membership.

DATA SECURITY

Members must be aware of their responsibilities to always comply with the requirements of the General Data Protection Regulations (GDPR) and the Data Protection Act 2018.

All restricted printed papers must be returned to the OPCC or Force for secure disposal.

Force provided computer/technical equipment must be used in accordance with the Force-wide Computer User Security Operating Procedures.

Members are responsible for the physical security of all computer and technical resources. Computers with remote access to the Force network must not be used to connect to any other service or system.

Electronic transcripts of formal meetings of the Independent Audit Committee may be taken by the meeting administrator only as a matter of exception, due to the lack of secretariat availability to produce accurate formal draft minutes during the meeting itself. Any electronic transcript will be deleted immediately after the draft minutes have been produced.

PROCEDURE

The Independent Audit Committee may seek any or all of those who normally attend, but who are not Members, to withdraw to facilitate open and frank discussion of matters.

The Independent Audit Committee may ask any other officials of the Force or OPCC to attend to assist with its discussion on any issue.

The Chair may ask any Committee participant or observer to leave a meeting at any time during proceedings to facilitate the effective function of the Committee.

REMUNERATION

Committee members will be remunerated according to their role and responsibilities. The annual fee will be paid in twelve (12) equal payments:

Chair - £6,000

Vice Chair - £3,500

Member - £2,500

These rates are effective from 1 April 2022 and will be reviewed every 3 years. (2025)

REIMBURSEMENT OF TRAVEL AND CARERS COSTS

As a matter of course, the most practical, economic and sustainable method of travel should be used and opportunities to share transport used if available and it is safe to do so. Where a private car, motorcycle or bicycle is used, reimbursement will be at the relevant HM Revenue and Customs approved rate (the car mileage rate is currently 45p per mile up to 10,000 miles), up to a maximum claim for travel of £120 per meeting.

A carers allowance will be paid to the value of 110% of the minimum wage.

INDUCTION, TRAINING AND DEVELOPMENT

The Treasurers and Chief Finance Officers, in conjunction with the Chief Executives will devise an appropriate training and induction programme for all Independent Audit Committee members, including provision for refresher and specialist training as required. In determining induction and training requirements for individual Committee members, consideration will be given to legislative requirements and any needs identified by a training needs assessment upon appointment, during the annual appraisal process, or the annual review of the Independent Audit Committee's effectiveness.

Members of the Independent Audit Committee will also contribute to the development of the Committee in carrying out its role.

Personal training and development plans are considered separately.

BUDGET

An appropriate budget will be set by the four corporations sole to cover the Committee's reasonable costs, including – training, travel, carers allowance and exceptionally, accommodation.

This will be reviewed each year as part of the budget setting cycle and should be reviewed in line with the ongoing workload of the Committee.

PUBLIC ACCESS

Independent Audit Committee meetings are open to the public and press, who may attend as observers only, for the open part of the agenda.

Public access to virtual meetings will be managed in the same way as physical meetings but within the controls of the virtual meeting system.

The taking of photographs or recording of proceedings is not permitted without the express written consent of the Chair in advance of the meeting.

Where issues are deemed restricted, commercially sensitive or relate to a member of staff, members of the public or press will not be allowed to observe.

The Chair has the right to refuse or suspend access to the proceedings of the committee if there is a security risk to the public, or caused by the public, or if the behaviour of a member of the public is disruptive, rude, aggressive, threatening, violent, illegal or otherwise considered by the Chair to be inappropriate.

Members of the public or press are not eligible to claim expenses for attending.

The public may contact the Chair of the Independent Audit Committee by writing to the Chair at the OPCC address. The public will not be allowed direct contact to members of the Independent Audit Committee and their personal contact details will remain confidential.

REPORTING

The Chair of the Independent Audit Committee will bring to the attention of the CCs and PCCs matters of significance after each formal meeting of the Committee.

The Independent Audit Committee will produce an annual report of their work for the CCs and PCCs which will include the outcome of the annual review of the effectiveness of the Committee.

PUBLICATION OF INFORMATION

The agenda, open reports and open minutes of the Independent Audit Committee will be available on both PCC and Force websites.

REVIEW

The operating principles will be subject to annual review by the Head of Audit, Insurance and Strategic Risk Management in conjunction with the Chair of the Independent Audit Committee and approved by the Chief Constables and Police and Crime Commissioners.

Date of next review: September 2023

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