



The Joint Audit Findings for Devon & Cornwall Police and Crime Commissioner and Chief Constable

Year ended 31 March 2020

8 September 2020



Contents



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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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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 2020 for the PCC and Chief Constable.

<p>Financial Statements</p>	<p>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 entity's (and where relevant, the group's) financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the entity and the entity's income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the 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.</p>	<p>Our audit work was completed remotely during June-September. Our findings are summarised on pages 5 to 17. We have not identified any adjustments to date to the financial statements that have resulted in an adjustment to the Comprehensive Income and Expenditure Statements. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.</p> <p>Our work is still in progress but there are no outstanding matters of which we are aware at this time that would require modification of our audit opinion for the PCC's financial statements (including the group financial statements which consolidate the financial activities of the Chief Constable) or the Chief Constable's financial statements (Appendices E and F) or material changes to the financial statements, subject to the completion of our audit procedures in the following areas;</p> <ul style="list-style-type: none"> • completion of work on the pension fund liabilities (see page 9). • completion of the work on PPE revaluations • Journals, investments and debtors – write up of evidence • review of the EFA note • review of the remuneration note • completion of Police pension fund testing • review of the Related parties disclosure • completion of our internal quality review process • receipt of management representation letters; and • review of the final sets of financial statements. <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisations.</p> <p>Our anticipated audit report opinions will be unmodified with the PCC's including an Emphasis of Matter paragraph, highlighting the material uncertainty of the valuation of land and buildings.</p>
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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 2020 for the PCC and Chief Constable.

Value for Money arrangements	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, both entities have made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VfM) conclusion').	We have completed our risk based reviews of the PCC's and Chief Constable's value for money arrangements. We have concluded that both Devon and Cornwall PCC and Devon and Cornwall Chief Constable have proper arrangements to secure economy, efficiency and effectiveness in their use of resources. We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19. We therefore anticipate issuing unqualified value for money conclusions, as detailed in Appendices E and F. Our findings are summarised on pages 18 to 20.
Covid-19	The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the group. Authorities were still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.	We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an audit plan addendum on 14 April 2020. In that addendum we reported an additional financial statement risk in respect of Covid-19 and highlighted the impact on our VfM approach. Further detail is set out on page 6. Restrictions for non-essential travel has meant both group's staff and audit staff have had to initiate remote working arrangements from home including the remote accessing of financial systems, the provision of working papers electronically by secure means, the use of video and telephone conferencing arrangements and using virtual technology to observe the download of data and other information to ensure its completeness and accuracy for testing.
Statutory duties	The Local Audit and Accountability Act 2014 ('the Act') also requires us to: <ul style="list-style-type: none"> • 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 for either entity. We have completed the majority of work under the Code and expect to be able to certify the completion of the audits when we give our audit opinion.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

Summary

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 the PCC and Chief Constable 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 is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the PCC and Chief Constable. The audit of the financial statements does not relieve management or the PCC and Chief Constable of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group'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

We have had to alter our audit plan, as communicated to you in our Audit Plan Addendum on 14 April 2020 to reflect our response to the Covid-19 pandemic, which we identified as an additional significant risk.

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 following the Independent Audit Committee meeting on 11 September 2020, as detailed in Appendix E and F. These outstanding items are set out on page 3.

As noted on page 3, our ability to conclude and sign off the audit will be dependent on resolving all outstanding work, particularly in respect of the various pension related issues.

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.

Materiality levels remain the same as reported in our audit plan/addendum, with the exception of the level for senior officer remuneration which is 1.5% of the total value of Note 25.

	Amount (£)	Qualitative factors considered
Materiality for the financial statements	5,379k	Gross Expenditure on Policing Services 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. We calculated materiality for the Group, PCC and Chief Constable separately. Due to the nature of the police group, where the financial statements are disaggregated from one ledger, we selected the lowest materiality benchmark (that for the Chief Constable) and applied this to our testing of balances and transactions to ensure appropriate coverage.
Trivial matters	269k	5% of materiality is deemed an appropriate level for triviality.
Materiality for senior officer remuneration	38k	A lower level of materiality was determined for the Senior Officer Remuneration balance due to the sensitivity surrounding this disclosure.

Significant findings – audit risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>Covid-19</p> <p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> - Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation - Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates - Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and - Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement</p>	<p>Group, PCC and the Chief Constable</p>	<p>We:</p> <ul style="list-style-type: none"> • worked with management to understand the implications the response to the Covid-19 pandemic had on the organisations' ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 29 May 2020; • liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the PCC's property valuation expert; • evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic; • evaluated whether sufficient audit evidence could be obtained through remote technology; • evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and pension fund net liability valuations ; • evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; • discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence. <p>Management produced the draft financial statements and working papers in advance of the original timetable. This is a significant achievement with all staff working remotely. We completed our audit remotely and, while it took longer than normal as a result, we were able to utilise technology to corroborate information produced by the PCC and Chief Constable. The finance team have been extremely responsive to audit queries throughout the audit and we would like to express our appreciation for this.</p> <p>We did not identify any implications for our audit report resulting from Covid-19, however our report includes standard reference to the macroeconomic conditions arising from Brexit and Covid-19.</p>

Significant findings – audit risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>The revenue cycle includes 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>Group, PCC and the Chief Constable</p>	<p>The assessment in our audit plan to rebut the presumed risk of improper revenue recognition remains appropriate. We have rebutted the presumed risk for the PCC and the Chief Constable because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of public sector bodies, including the PCC and the Chief Constable for Devon and Cornwall, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for the Group, PCC and Chief Constable.</p>
<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 their 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>	<p>Group, PCC and the Chief Constable</p>	<p>As part of our audit work, we:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determine the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our audit work on journals to date has not identified any issues in respect of management override of controls, but remains in progress at the time of drafting this report.</p> <p>As identified in 2018/19 there is a control weakness whereby staff can authorise and post their own journals. This continued to be the case until March 2020 when a new workflow control was introduced adding proactive approval for journals over a certain level. We walked through the new system during our interim audit and identified that it was not operating as intended and users could still authorise their own journals. This weakness was rectified by management after we brought it to their attention, and we are satisfied that this is now operating correctly.</p>

Significant findings – audit 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 three-yearly basis. In the intervening years, such as 2019/20, 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. 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>	<p>Group and PCC</p>	<p>As part of our audit work, we:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work evaluated the competence, capabilities and objectivity of the valuation expert discussed with the valuer the basis on which the valuations were carried out engaged our own valuer to assess the instructions to the group/PCC's valuer, the group/PCC's valuer's report and the assumptions that underpin the valuation. tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the asset register. <p>At the time of drafting this report, our audit work in respect of valuation of land and buildings is in progress, with the findings being written up and subject to review.</p> <p>We will be including an emphasis of matter paragraph in our audit opinion in respect of the material uncertainty in the external valuer's report.</p>

Significant findings – audit risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>Valuation of pension fund net liability</p> <p>The group's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the group's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Group, PCC and the Chief Constable</p>	<p>As part of our audit work, we:</p> <ul style="list-style-type: none"> • 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 <p>Our work in this area is still in progress.</p> <p>Management have requested that the actuary produce an updated report for the Police Officer's pension fund to identify the impact of the proposed restitution for the McCloud judgement on the Police Officer's pension fund liability. It is anticipated pension liabilities will be lower than in the original actuarial reports with the difference expected to be material. We will need to review the updated report and ensure that the figures have been correctly reflected in the financial statements.</p> <p>We are also waiting for confirmation from the actuary on whether an issue identified in relation to the Dorset Police Officer's pension fund has any impact on the Devon and Cornwall pension fund. This is because the issue relates to staff transferring between the two schemes.</p> <p>This work is also partially dependent on the progress of the Devon Pension Fund audit, where we require assurances 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.</p>

Significant findings - other issues

Issue	Relates to	Commentary
<p>IFRS 16 implementation has been delayed by one year</p> <ul style="list-style-type: none"> Although the implementation of IFRS 16 has been delayed to 1 April 2021, audited bodies still need to include disclosure in their 2019/2020 statements to comply with the requirement of IAS 8 para 31. As a minimum, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases 	<p>PCC</p>	<p>The PCC complied with the requirement of IAS 8 para 31 by disclosing the title of the standard and the date of the initial application. The note states that the impact is currently unknown, which is in line with our expectations.</p>

Significant findings – key judgements and estimates

	Relates to	Summary of management's policy	Audit Comments	Assessment
Land and Buildings – Other - £178m	Group and PCC	<p>Other land and buildings comprises £166m 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 January 2020 on a three yearly cyclical basis.</p> <p>In line with RICS guidance, the group/PCC's valuer disclosed a material uncertainty in the valuation of the group/PCC's land and buildings at 31 March 2020 as a result of Covid-19. The group/PCC has included disclosures on this issue in Note 6.1.</p> <p>Management have considered the year end value of non-valued properties, and the potential valuation change in the assets revalued at 1 January 2020, applying indices to determine whether the value of the properties has materially changed. Management's assessment of assets not revalued has identified no material change to the properties values.</p>	<ul style="list-style-type: none"> We reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. We then considered the competence, expertise and objectivity the valuer in their capacity as the management experts used. There have been no changes to the valuation method this year. Disclosure of the estimate in the financial statements is considered adequate. <p>Our work on the revaluation of land and buildings remains in progress at the time of drafting this report.</p>	●

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process and key assumptions to be reasonable

Significant findings – key judgements and estimates

	Relates to	Summary of management's policy	Audit Comments	Assessment																								
Net pension liability – PCC and Chief Constable Fund £3,119m	Group, PCC and the Chief Constable	<p>The PCC's and Chief Constable's net pension liability at 31 March 2020 is £3,119m (PY £3,289m) comprising the obligations under the Devon Pension Fund. The group/PCC and Chief Constable uses Barnet Waddingham to provide actuarial valuations of the group'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>There has been a £238m net actuarial gain during 2019/20.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management's expert assessed the actuary's roll forward approach taken and deemed it reasonable used PwC as our auditor's expert to assess the actuary and assumptions made by the actuary: <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.35%</td> <td>2.35%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>1.95%</td> <td>1.85% - 1.95%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.45%</td> <td>Values are in line with PwC report</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>23.3 21.6</td> <td>22.6 – 23.6 20.8 – 21.9</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>25.5 23.7</td> <td>25.1 – 25.8 23.2 - 24</td> <td>●</td> </tr> </tbody> </table> <ul style="list-style-type: none"> confirmed the completeness and accuracy of the underlying information used to determine the estimate confirmed that there have been no changes to the valuation method confirmed the reasonableness of the PCC's share of LGPS pension assets. confirmed the consistency of the pension fund assets and liability disclosures in notes to the financial statements with the actuarial report from the actuary. <p>Our work in this area is still in progress, as set out previously on page 9. Our work in respect of assessing the assumptions used by the actuary, considering the work of our auditor's expert PwC, is complete and is reflected in the table above.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.35%	2.35%	●	Pension increase rate	1.95%	1.85% - 1.95%	●	Salary growth	3.45%	Values are in line with PwC report	●	Life expectancy – Males currently aged 45 / 65	23.3 21.6	22.6 – 23.6 20.8 – 21.9	●	Life expectancy – Females currently aged 45 / 65	25.5 23.7	25.1 – 25.8 23.2 - 24	●	 Green
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Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process and key assumptions to be reasonable

Significant findings – key judgements and estimates

	Relates to	Summary of management's policy	Audit Comments	Assessment																								
Net pension liability – LGPS £209m	Group and PCC	<p>The net pension liability at 31 March 2020 is £209m (PY £242m) comprising the obligations under the Devon Pension Fund Local Government defined benefit pension scheme. The group/PCC uses Barnet Waddingham to provide actuarial valuations of the group'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>There has been a £80m net actuarial gain during 2019/20.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management's expert assessed the actuary's roll forward approach taken and deemed it reasonable used PwC as our auditors expert to assess the actuary and assumptions made by the actuary: <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.35%</td> <td>2.35%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>1.85%</td> <td>1.85% - 1.95%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>2.85%</td> <td>Values are in line with PwC report</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>24.3 22.9</td> <td>22.8 – 24.7 21.4 – 23.3</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>25.5 24.1</td> <td>25.2 – 26.2 23.7 – 24.7</td> <td>●</td> </tr> </tbody> </table> <ul style="list-style-type: none"> confirmed the completeness and accuracy of the underlying information used to determine the estimate confirmed that there have been no changes to the valuation method confirmed the reasonableness of the PCC's share of LGPS pension assets. confirmed the consistency of the pension fund assets and liability disclosures in notes to the financial statements with the actuarial report from the actuary. <p>Our work in this area is still in progress, as set out previously on page 9. Our work in respect of assessing the assumptions used by the actuary, considering the work of our auditor's expert PwC, is complete and is reflected in the table above.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.35%	2.35%	●	Pension increase rate	1.85%	1.85% - 1.95%	●	Salary growth	2.85%	Values are in line with PwC report	●	Life expectancy – Males currently aged 45 / 65	24.3 22.9	22.8 – 24.7 21.4 – 23.3	●	Life expectancy – Females currently aged 45 / 65	25.5 24.1	25.2 – 26.2 23.7 – 24.7	●	<p>●</p> <p>Green</p>
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Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process and key assumptions to be reasonable

Significant findings - Going concern

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).

Going concern commentary - PCC

Management's assessment process

- Management's assessment is based on the public sector interpretation of going concern as the continuation of the provision of services to support the preparation of the accounts on a going concern basis.

Auditor commentary

The going concern assessment was completed by the Treasurer (s.151 officer). We consider that management's arrangements for considering going concern are adequate.

We concur with management's assessment that the PCC is a going concern with no material uncertainties that would require disclosure.

Work performed

- We reviewed management's assessment of going concern provided to us, in conjunction with our knowledge and understanding of the PCC.
- We reviewed the PCC's medium term financial planning documents, and considered the impact of Covid-19.

Auditor commentary

We considered management's assessment and also considered the potential impact of Covid-19 on the Going Concern assumption.

We did not identify any material uncertainties that would require additional disclosure.

Concluding comments

- No issues identified.

Auditor commentary

- We did not identify any issues with the PCC's use of the going concern assumption. Our proposed audit opinion will be unmodified in respect of going concern.

Significant findings - Going concern

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).

Going concern commentary – Chief Constable

Management's assessment process

- Management's assessment is based on the public sector interpretation of going concern as the continuation of the provision of services to support the preparation of the accounts on a going concern basis.

Auditor commentary

The going concern assessment was completed by the Director of Finance and Resources (s.151 officer). We consider that management's arrangements for considering going concern are adequate.

We concur with management's assessment that the Chief Constable is a going concern with no material uncertainties that would require disclosure.

Work performed

- We reviewed management's assessment of going concern provided to us, in conjunction with our knowledge and understanding of the Chief Constable.
- We reviewed the PCC's medium term financial planning documents, which covers the allocations to the Chief Constable and considered the impact of Covid-19.

Auditor commentary

We considered management's assessment and also considered the potential impact of Covid-19 on the Going Concern assumption.

We did not identify any material uncertainties that would require additional disclosure.

Concluding comments

- No issues identified.

Auditor commentary

- We did not identify any issues with the Chief Constable's use of the going concern assumption. Our proposed audit opinion will be unmodified in respect of going concern.

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 the PCC and Chief Constable for Devon and Cornwall.

	Issue	Commentary
1	Matters in relation to fraud	<ul style="list-style-type: none"> <li data-bbox="520 344 1993 382">• 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.
2	Matters in relation to related parties	<ul style="list-style-type: none"> <li data-bbox="520 415 1993 454">• We are not aware of any related parties or related party transactions which have not been disclosed.
3	Matters in relation to laws and regulations	<ul style="list-style-type: none"> <li data-bbox="520 486 1993 525">• 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.
4	Written representations	<ul style="list-style-type: none"> <li data-bbox="520 558 1993 596">• Letters of representation have been requested from the PCC and Chief Constable which are included in the Independent Audit Committee papers
5	Confirmation requests from third parties	<ul style="list-style-type: none"> <li data-bbox="520 629 1993 668">• 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 the requests were returned with positive confirmation. <li data-bbox="520 701 1993 739">• We requested from management permission to send confirmation requests to the pension fund auditor. This permission was granted and the requests were sent. We have not yet received the response from the Pension Fund auditor at the time of writing this report.
6	Disclosures	<ul style="list-style-type: none"> <li data-bbox="520 772 1993 811">• Our review found no material omissions in the financial statements.
7	Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> <li data-bbox="520 829 1993 868">• All information and explanations requested from management was provided promptly by management.

Other responsibilities under the Code

Issue	Commentary
1 Other information	<ul style="list-style-type: none"> We are required to give an opinion on whether the other information published together with the 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>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to appendix E and F.</p>
2 Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters.</p>
3 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 group audit instructions.</p> <ul style="list-style-type: none"> Note that work is not required as the PCC and Chief Constable do not exceed the threshold.
4 Certification of the closure of the audit	<p>We intend to certify the closure of the 2019/20 audit of Devon and Cornwall PCC and Devon and Cornwall Chief Constable in the audit report, as detailed in Appendix E and F.</p>

Value for Money

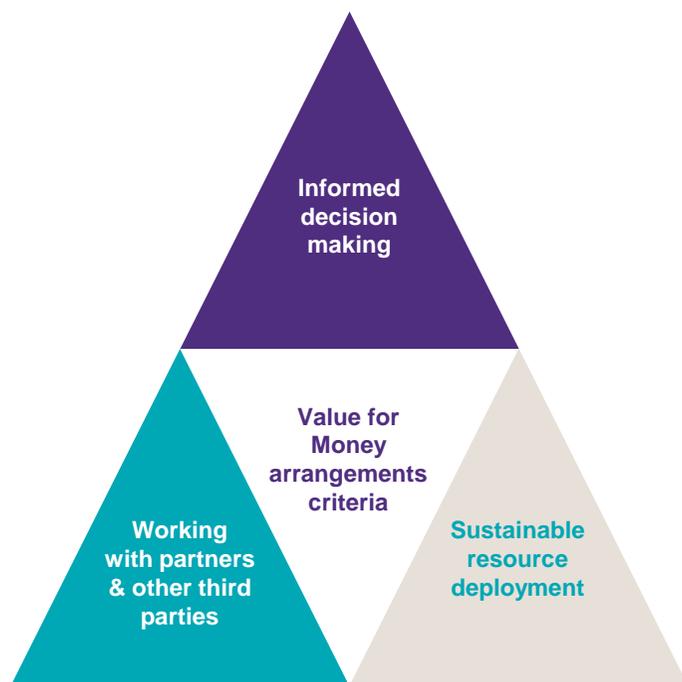
Background to our VFM approach

We are required to satisfy ourselves that the PCC and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the PCC and Chief Constable. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in February 2020 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated March 2020.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We have not identified any new VfM risks in relation to Covid-19. We do not consider Covid-19 to be a significant risk for the 2019/20 financial year given the date of the pandemic.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the PCC's and Chief Constable's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the PCC's and Chief Constable's arrangements.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on page 20.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that both the PCC and Chief Constable had proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

The text of our report, which confirms this can be found at Appendix E and F.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendations for improvement.

Our recommendations and management's response to these can be found in the Action Plan at Appendix A.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or the PCC and Chief Constable .

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p>Financial sustainability</p> <p>The 2020/21 budget includes savings to be achieved of £2.75m. £1.49m of these are planned from the PCSO reduction plan with a further £1.26m from service challenge and other staff savings. Based on the assumptions set out in the Medium Term Financial Strategy (MTFS), further savings in the region of £8.5m will be required in order to balance the budget over the 2021/22 to 2023/24 period.</p>	<p>We reviewed the latest MTFS and budget, including the assumptions and the savings plans reflected within them. We also reviewed the 2019/20 savings achieved against those planned.</p> <p>The Group (that is, the PCC and the Chief Constable) delivered a surplus in 2019/20. The 2019/20 budget included savings of £2m, largely of service challenge savings and planned reductions in the numbers of PCSOs. These savings were monitored during the year and although there is no formal record within the accounts or outturn report, in year monitoring showed those savings being achieved.</p> <p>A balanced 2020/21 budget has been set, with a more challenging savings target of £2.75m. £1.26m of these are planned from a continuation of the 2019/20 service challenge savings, and have been removed from the base budget, with a further £1.49m from the PCSO reduction plan. Based on the assumptions set out in the MTFS, these savings will need to be maintained throughout the 2021/22 to 2023/24 period. In year monitoring for 2020/21 shows that the expected reduction in PCSO costs has not yet been achieved.</p> <p>We have reviewed the assumptions built into the MTFS and these appear reasonable.</p>	<p>The plans in place to achieve savings over the next three years are essential to achieving the MTFS. The Group should monitor and report whether the identified savings are being achieved, or whether the year end position is achieved by other budget underspends compensating for under delivery of savings. This will help to inform future financial planning on the accuracy and deliverability of savings plans.</p> <p>On that basis we concluded that while the level of savings planned is significant, the risk was sufficiently mitigated and Devon and Cornwall Police has proper arrangements in place for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.</p>

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

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 PCC and Chief Constable. No non-audit services were identified.

Action plan

We have identified a number of recommendations for the group as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 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	Relevant to	Recommendations
1 	The plans in place to achieve the budgeted savings over the next three years are essential to achieving the MTFS. The year end outturn report did not include the savings achieved in 2019/20 against the planned position, although in year monitoring showed those savings being achieved. The Group's budget monitoring arrangements should ensure that planned savings are overseen and any shortfalls taken into account.	PCC and Chief Constable	<p>The Group should monitor and report on whether the identified budget savings are being achieved against the areas identified. This will help to inform future financial planning on the accuracy and deliverability of savings plans.</p> <p>Management response</p> <p>The future years' savings requirement is regularly reassessed as part of the ongoing financial management process, including the regular development of the MTFS, which is currently taking place.</p> <p>The savings required during the year are monitoring as part of the overall monthly monitoring process through the Resources Board. There are two areas of savings – the service reviews and a reduction in PCSO numbers. A report was taken to the Resources Board in December outlining the achievement of the savings required. Each monthly monitoring report indicates the level of PCSO's against the budgeted target.</p>
2 	Our testing of overtime payments identified that authorisation emails could not be provided in all case. The system in place is comparable to the expenses process whereby approval is assumed and the payment processed if it is not queried by the approver within a set period of time. We are aware that a positive approval process is planned to be introduced in 2020/21 to rectify this control weakness.	PCC and Chief Constable	<p>Overtime is an area of regular budget overspend and should be subject to formal approval before it is authorised for payment.</p> <p>Management response</p> <p>The electronic overtime form has been amended to include the requirement for positive authorisation. This is expected to go live during September with all necessary guidance.</p>
3 	Our expenditure testing identified that the stores team only retain the paperwork supporting the request for items for three months. We were however able to obtain alternative evidence via a spreadsheet that is uploaded to the Intranet to allow managers to review and challenge stock transactions.	PCC and Chief Constable	<p>The stores team should retain paperwork supporting stock requisitions for a suitable period to allow audit inspection if necessary.</p> <p>Management response</p> <p>Stores processes will be amended so that the paperwork supporting stores requisitions will be retained until the end of the year following the year to which it relates.</p>

Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice

Follow up of prior year recommendations

We identified the following issues in the audit of Devon and Cornwall PCC's and Chief Constable's 2018/19 financial statements, which resulted in nine recommendations being reported in our 2018/19 Audit Findings report. We are pleased to report that management have implemented eight out of the nine recommendations.

Assessment	Issue and risk previously communicated	Relevant to	Update on actions taken to address the issue
1 ✓	Devon and Cornwall Police need to delivery cumulative savings of £13m over the next three years. The plans in place to achieve the £13m cumulative savings over the next three years are essential to achieving the MTFS, and need to continue to be carefully monitored to ensure their delivery.	PCC and Chief Constable	Savings of £2.7m were included in the 2020/21 budget, with further savings to 2022/23 approved and incorporated into the MTFS.
2 ✓	Finance staff can authorise and post their own journals. There is a weekly retrospective approval system whereby two managers review the journals, but the journals are already posted. A new system is in the process of being introduced that requires approval before posting but is not currently available.	PCC and Chief Constable	Finance staff continued to be able to authorise and post their own journals until March 2020, when a new workflow control was introduced adding proactive approval for journals over a certain level. We walked through the new system during our interim audit and identified that it was not operating as intended and users could still authorise their own journals. This weakness was rectified by management after we brought it to their attention, and we are satisfied that this is now operating correctly.
3 ✓	It is possible for manual journals to be posted across Devon and Cornwall's and Dorset's ledgers with the control being that only three individuals have access rights to do this. It should not be possible for journals to be posted between the ledgers of the two forces.	PCC and Chief Constable	The ability to journal across the two organisations is in response to the automated recharge processes, which create journals in each organisation. These automated processes result in minor roundings, which currently require manual journals to be posted. The automated process will be examined with the aim to remove any roundings, and therefore need for journals. The journals themselves are tightly controlled, with only three people having the access to create cross company journals, and every journal is authorised by the Head of Technical Accountancy.
4 ✓	Our interim work on confirming the existence of property, plant and equipment identified one item out of twelve tested that should not be included in the asset register. The item was trivial but should have been removed from the asset register.	PCC	A review has been undertaken to ensure that the asset register is updated for any assets no longer held. Our testing has not identified any assets that should not have been included on the asset register.

Assessment

- ✓ Action completed
- X Not yet addressed

Follow up of prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Relevant to	Update on actions taken to address the issue	
5	✓	The current control for claiming expenses below a de-minimis level lies with the assumption that the claimant's line manager/budget holder will review their notification email and query the claim if there are any issues. If the claimant's line manager/budget holder does not query the claim within a set timeframe then approval is assumed and the expenses are paid. For claims above the de-minimis, a pro-active authorisation is required.	PCC and Chief Constable	The controls have been reviewed, and are considered appropriate by management. The maximum limit for any class of expenses is £100 before a pro-active authorisation is required. Expense claims were subject to a specific internal audit review during 2018/19, which gave a reasonable level of assurance. Our testing has not identified any issues in 2019/20.
6	✓	Our testing identified an instance where payroll was posted across Devon and Cornwall's and Dorset's ledgers. This had already been identified by management checks. We did not identify any other such instances in our work.	PCC and Chief Constable	The reasons for the payroll posting issue are well understood, being a fundamental part of the payroll process to service the 'working together' arrangements, and has been in place since 2016. The posting of payroll across both ledgers is part of the recharging subsystem, using a series of control accounts that reconcile to zero. This system was specifically designed to address the inability to TUPE officers between Dorset Police and Devon & Cornwall Police, while allowing joint working. However, in this instance the second stage of the process was not run at the appropriate time, causing a discrepancy. This has been addressed, and the process strengthened to ensure such a delay does not reoccur.
7	X	Our walkthrough of the system identified that the control for raising a purchase order lies with the assumption that the requester's line manager/budget holder will review their notification email and query the request if there are any issues. If there is no query by the time the order is processed, then it is assumed that the request can be approved.	PCC and Chief Constable	The controls on raising purchase orders have been examined. There is a requirement for any order request to have budget holder's authorisation, and for the request to explicitly state this, although there is currently no formal workflow process in place. All purchase order requests are reviewed by the Purchasing Team, and queries raised and resolved as necessary prior to the order being raised. There is appropriate segregation of duties between raising orders and making payments. The application of a stronger workflow control on orders above a certain limit is still being considered, with a similar process for overtime being introduced before purchasing.

Assessment

- ✓ Action completed
- X Not yet addressed

Follow up of prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Relevant to	Update on actions taken to address the issue
8	<p>✓</p> <p>During our review, we noted that access to the admin account of the Unit4 Business World application system was inappropriately granted to an employee of BT and an ex-employee from Agresso.</p> <p>Users with system administrator level access can usually read, create, amend or delete any data within the environment, including audit trails and log files. This can give them the opportunity to carry out a fraud or to cover up a fraud. The greater the number of people with system administrator accounts, the higher this risk is.</p>	PCC and Chief Constable	<p>ICT will regularly review permissions and remove access when it is no longer required and ensure that they have appropriate level of permissions. BT only have access to the management console Unit4 Business World which does not provide them access to the application itself as the domain field is blank which therefore will not grant access through single sign on.</p> <p>In respect of the ex-employee, although they continued to have access to the Unit4 Business World application, they did not have access to the Force network, and therefore access to the system was not possible.</p>
9	<p>✓</p> <p>During our review, we noted that user account access permissions were not reviewed on a regular basis.</p> <ul style="list-style-type: none"> • Gaps in user administration processes and controls may not be identified and dealt with in a timely manner • Access to information resources and system functionality may not be restricted on the basis of legitimate business need • Enabled, no-longer-needed user accounts may be misused by valid system users to circumvent internal controls • Access privileges may become disproportionate with respect to end users' job duties 	PCC and Chief Constable	<p>ICT will provide Finance and HR with reports which can be run on a regular frequency to ensure users within the business function have the appropriate level of access. This is being done on a monthly basis.</p>

Assessment

- ✓ Action completed
- ✗ Not yet addressed

Audit Adjustments - PCC

We are required to report all non trivial misstatements to the PCC and Chief Constable, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

There are no adjusted misstatements to report to the date of writing this report.

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.

Detail	Adjusted?
<p>The disclosure in Note 18 (Financial Instruments) did not include the current borrowing amount of £6m in the tables in note 18.1.3 or 18.3</p> <p>No overall impact on the financial statements.</p>	<p>✓</p>
<p>A number of presentational, grammatical and numerical adjustments were made to the financial statements to improve readability and disclosures and ensuring that they are in line with the current International Financial Reporting Standards.</p> <p>No overall impact on the financial statements.</p>	<p>✓</p>

Audit Adjustments – Chief Constable

We are required to report all non trivial misstatements to the PCC and Chief Constable, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

There are no adjusted misstatements to report to the date of writing this report.

Misclassification and disclosure change

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.

Detail	Adjusted?
A number of presentational, grammatical and numerical adjustments were made to the financial statements to improve readability and disclosures and ensuring that they are in line with the current International Financial Reporting Standards.	✓
No overall impact on the financial statements.	

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	27,992	27,992
Chief Constable Audit	14,438	14,438
Fee Variations	11,250	TBC
Total audit fees (excluding VAT)	£53,680	TBC

We set out in our audit plan how the Financial Reporting Council has set its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. This, coupled with the recent impact of Covid-19 and the increased time taken in managing the audit in a more remote working environment, has clearly impacted our work. We will need to review the actual audit inputs required at the conclusion of our work to assess any fee implications arising from this. We will advise management of any proposed variations to our fees once reviewed.

The proposed fees of £53,680 reconcile to the financial statements.

No non-audit or audited related services have been undertaken for the PCC and Chief Constable

Audit opinion

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

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 2020 which comprise the Group Movement in Reserves Statement, the PCC Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the PCC 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 2019/20.

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 2020 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 2019/20; 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. 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 group and the Police and Crime Commissioner 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Chief Financial Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Police and Crime Commissioner and group's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Police and Crime Commissioner and group's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

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

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

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 2019/20 that the Police and Crime Commissioner's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Police and Crime Commissioner's and group's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Police and Crime Commissioner's and group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Police and Crime Commissioner or group will continue in operation.

Audit opinion

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

We draw attention to Note 6.1 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the group land and buildings as at 31 March 2020. As disclosed in Note 6.1 to the financial statements, Covid-19 has had an impact on market activity. A valuation was provided by the valuers as at 1 January 2020 with a further review conducted at 31 March 2020. The valuation has been reported on the basis of “material valuation uncertainty” as it has been prepared under extraordinary circumstances; therefore comparison to historical market data is less reliable. Our opinion is not modified in respect of this matter.

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 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 group and the Police and Crime Commissioner 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 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the 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 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 gained through our work in relation to the Police and Crime Commissioner’s arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts and the Annual Governance Statement 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.

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 2019/20, 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.

Audit opinion

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the group's and the Police and Crime Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the group or the Police and Crime Commissioner 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.

Report on other legal and regulatory requirements - Conclusion on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Police and Crime Commissioner put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Police and Crime Commissioner has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Police and Crime Commissioner for Devon and Cornwall in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

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

Audit opinion

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

We have audited the financial statements of the Chief Constable for Devon and Cornwall (the 'Chief Constable') for the year ended 31 March 2020 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 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2020 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 2019/20; 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. 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Chief Financial Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Chief Constable's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Chief Constable's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

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

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

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 2019/20 that the Chief Constable's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Chief Constable's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Chief Constable's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Chief Constable will continue in operation.

Audit opinion

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 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 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the 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 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 gained through our work in relation to the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, and the Annual Governance Statement 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 2019/20, 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.

Audit opinion

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.

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Report on other legal and regulatory requirements - Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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.

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

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Chief Constable for Devon and Cornwall in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

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



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