

Office of the Police and Crime  
Commissioner for Surrey

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20 October 2020

Ms Elizabeth Jackson  
Ernst & Young LLP  
400 Capability Green  
Luton  
Bedfordshire  
LU1 3LU

Dear Elizabeth

**The Police and Crime Commissioner for Surrey and The Chief Constable of Surrey – Letter of Representation for the financial year 2020/21**

**General statement**

This letter of representations is provided in connection with your audit of the financial statements for the consolidated (PCC/CC "Group") and the Police and Crime Commissioner for Surrey (PCC) and the Chief Constable of Surrey (CC) for the year ended 31 March 2021.

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and PCC and CC financial statements give a true and fair view of the PCC and Group and CC financial position as of 31 March 2021 and of their financial performance (or operations) and their cash flows for the year then ended in accordance with, for the PCC and Group and CC, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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

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

## **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the PCC and Group and CC the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
2. We acknowledge, as members of management of the PCC and Group and CC, our responsibility for the fair presentation of the consolidated PCC and Group and CC financial statements. We believe the consolidated, PCC and CC financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the PCC and Group and CC in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and are free of material misstatements, including omissions. We have approved the consolidated, PCC and CC financial statements.
3. The significant accounting policies adopted in the preparation of the Group, PCC and CC financial statements are appropriately described in the Group, PCC and CC financial statements.
4. As members of management of the Group, PCC and CC, we believe that the Group, PCC and CC have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated, PCC and CC financial statements taken as a whole. You have identified no unadjusted audit differences that are above your reporting threshold to bring to our attention for correction. We therefore have no unadjusted audit differences to disclose.
6. We confirm the Group, PCC and CC do not have securities (debt or equity) listed on a recognized exchange.

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

1. We acknowledge that we are responsible for determining that the Group, PCC and CC activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the consolidated, PCC and CC financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws and regulations, including fraud that may have affected the Group, PCC or CC (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - involving financial statements;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated, PCC and CC financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group, PCC or CC's activities, their ability to continue to operate, or to avoid material penalties;
  - involving management, or employees who have significant roles in internal controls, or others; or
  - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### **C. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the consolidated, PCC and CC financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Group, PCC and CC and their relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 20 October 2021.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group, PCC and CC's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated, PCC and CC financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in the accordance with applicable financial reporting frameworks.
6. We have disclosed to you, and the Group, PCC and CC have complied with, all aspects of contractual agreements that could have a material effect on the consolidated, PCC and CC financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From 11 December 2020 through to the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

#### **D. Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated, PCC and CC financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent.

#### **E. Going Concern for audits of periods ending on or after 15 December 2020**

1. Note 2 to the consolidated and parent entity financial statements discloses all the matters of which we are aware that are relevant to the Group, PCC and CC's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

## **F. Subsequent Events**

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

## **G. Group audits**

1. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst the PCC and its subsidiary undertaking (Chief Constable).

## **H. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2020/21.
2. We confirm that the content contained within the other information is consistent with the financial statements.

## **I. Ownership of Assets**

1. That except for assets capitalised under finance leases, the PCC/CC has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the PCC/CC's assets, nor has any asset been pledged as collateral. All assets to which the PCC/CC has satisfactory title appear in the balance sheet(s).

## **I. Reserves**

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

## **J. Estimates - Valuation of Property, Plant and Equipment Assets**

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of assets and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and PCC financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
2. We confirm that the significant judgements made in making the valuation of assets have taken into account all relevant information and the effects of the COVI-19 pandemic on asset valuations of which we are aware.
3. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuations.

4. We confirm that the disclosures made in the consolidated and PCC financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty and the effects of the COVID-19 pandemic on the valuations, are complete and are reasonable in the context of the applicable financial reporting framework.
5. We confirm that appropriate specialized skills or expertise has been applied in making the valuations.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and PCC financial statements.

#### **K. Retirement benefits**

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.
2. We agree with the findings of the specialists that we engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and PCC and CC financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. We confirm that the significant judgements made in making the Valuation of Pension Liabilities have taken into account all relevant information and the effects of the COVID-19 pandemic on asset valuations of which we are aware.
4. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuations.
5. We confirm that the disclosures made in the consolidated and PCC and CC financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty and the effects of COVID-19 pandemic on the valuations, are complete and are reasonable in the context of the applicable financial reporting framework.
6. We confirm that appropriate specialized skills or expertise has been applied in making the valuations.
7. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and PCC and CC financial statements.

**Yours Sincerely**

**Lisa Townsend**

**Police and Crime Commissioner for Surrey**

*On behalf of the Police and Crime Commissioner for Surrey*

Date:

**Alison Bolton**

**Chief Executive**

*On behalf of the Police and Crime Commissioner for Surrey*

Date:

**Kelvin Menon**

**Chief Finance Officer**

*On behalf of the Police and Crime Commissioner for Surrey*

Date:

**Gavin Stephens**

**Chief Constable of Surrey**

*On behalf of the Chief Constable of Surrey*

Date:

**Peter Gillet**

**Executive Director of Commercial & Finance Services**

**Chief Finance Officer**

*On behalf of the Chief Constable of Surrey*

Date: