



# The Police and Crime Commissioner for Bedfordshire/ The Chief Constable for Bedfordshire Police

Combined Audit Planning Report and Audit Completion Report: Year ended 31 March 2023

Report to the Joint Audit Committee



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# Welcome

## Introduction

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This is our combined Audit Planning Report and Audit Completion Report to the Joint Audit Committee of Police and Crime Commissioner for Bedfordshire (the “PCC”) and the Chief Constable for Bedfordshire Police (the “CC”). The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

This combined report is an integral part of our communication strategy with you. It summarises the overall audit strategy for the year ended 31 March 2023 in respect of our audit of the financial statements and use of resources; comprising materiality and key audit risks. It also summarises the results of our audit of the PCC and CC for the year ended 31 March 2023, including areas requiring further discussion and/or the attention of the Joint Audit Committee. We look forward to discussing these matters with you at the Joint Audit Committee meeting on 29 November 2024, and to receiving your input. In the meantime, if you would like to discuss any aspects in advance of the meeting, we would be happy to do so.

This report contains matters which should properly be considered by the Chief Constable and Commissioner. We expect that the Joint Audit Committee will refer such matters to Chief Constable and Commissioner together with any recommendations, as they considers appropriate.

We would also like to take this opportunity to thank management and staff of the PCC group and CC of local authority for the co-operation and assistance provided during the audit.

**Rachel Brittain**, Key Audit Partner  
For and on behalf of **BDO LLP**

25 November 2024



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# Overview

## Audit scope and objectives

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Reporting	Objectives
<b>Auditing standards</b>	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
<b>Local Audit Reset and Recovery Implementation Guidance (LARRIGs) and Code of Audit Practice</b>	We will perform our audit in accordance with LARRIGs and the Code of Audit Practice 2024 published by the National Audit Office.
<b>Financial statements</b>	We will express an opinion on the PCC and Group financial statements, and the CC financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2022/23 and other directions.
<b>Additional powers and duties</b>	Where necessary we may be required to: issue of a report in the public interest; make a written recommendation to the Force; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review.
<b>Use of resources and Auditor's Annual Report</b>	<p>We will provide a commentary on the PCC and CC's arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from the PCC and CC.</p> <p>The Auditor's Annual Report is required to be published by the PCC and CC.</p>



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## Executive summary

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This summary provides an overview of the audit matters that we believe are important to the audit of the financial statements for the PCC group and CC for the year ended 31 March 2023.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

### Responsible financial officer (RFO)

The Accounts and Audit Regulations 2015 require the Chief Finance Officer, as RFO, to sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of:

- the financial position of the authority at the end of the financial year to which it relates; and
- that authority's income and expenditure for that financial year.

Our audit of the financial statements does not relieve the RFO nor those charged with governance of their responsibilities for the preparation of the statement of accounts.

### Overview

Our audit work is complete, and we anticipate issuing our audit opinion on the PCC, PPC group and CC's financial statements for the year ended 31 March 2023.

No restrictions were placed on our work by management

### Circumstances that affect the form and content of the auditor's report

There has been a deterioration in the timeliness of local audit in recent years leading to a persistent and significant backlog of audit opinions. Across England, the backlog of outstanding audit opinions stood at 771 at 31 December 2023 and is estimated to increase to around 1,000 later this year. In February 2024, the Department for Levelling Up, Housing and Communities published 'Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit'. This joint statement confirmed that:

*"The issues facing local audit are widely recognised as multi-faceted and complex with no single cause or solution".*

The factors contributing to the delay in issuing an audit opinion on the financial statements of the PCC group and CC for the year ended 31 March 2023 include, but are not limited to:

- increased regulator expectations on auditors
- difficulties in attracting, developing and retaining staff to perform local audit work
- the impact of the Covid-19 pandemic

Over the last year, organisations involved in the regulation and oversight of local body financial reporting and audit have been working collectively to agree a proposed solution to clear the outstanding historical audit opinions and ensure that delays do not return.

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To clear the backlog of historical accounts and ‘reset’ the system, the Accounts and Audit (Amendment) Regulations 2024 require local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 (‘the backstop date’). In addition, the National Audit Office has made changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published.

The backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Consequently, this prevents us from meeting the overall objectives of an audit as set out in ISA (UK) 200 ‘*Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*’. Therefore, the backstop date has created circumstances which require us to consider modifying our opinion on PCC Group and CC’s financial statements.

### Significant difficulties encountered during the audit

ISAs (UK) require us to report to you any significant difficulties we have encountered during the audit. As previously outlined, the backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Therefore, the backstop date represents a significant difficulty that we have encountered during the audit.

### Audit report

The Accounts and Audit (Amendment) Regulations 2024 require the PCC and CC to publish audited financial statements for the year ended 31 March 2023 by 13 December 2024. We have not able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by this date. As a result, we are unable to conclude that the consolidated group financial statements and the PCC and CC single entity financial statements for the year ended 31 March 2023 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Therefore, we anticipate issuing a disclaimer of opinion on the financial statements as set out on page 18.

### Use of resources

We have no significant weaknesses to report at this stage in respect of PCC and CC’s value for money arrangements.

### Independence

We confirm that the firm and its partners and staff involved in the audit are independent of the PCC and CC in accordance with the Financial Reporting Council’s (FRC’s) Ethical Standard.

# The numbers

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This summary provides an overview of the audit scope and materiality for the year ended 31 March 2023.

### Audit scope

The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes: auditing the financial statements; reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate, exercising the auditor's wider reporting powers and duties. Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.

### Materiality

Materiality for the Group has been set at 2% of gross expenditure for the period (prior year materiality of 2% was based on gross expenditure) and is outlined in the adjacent chart. For reporting purposes, we consider misstatements of less than £252k (2022: £234k) to be trivial unless the misstatement is indicative of fraud.

### Force's responsibilities

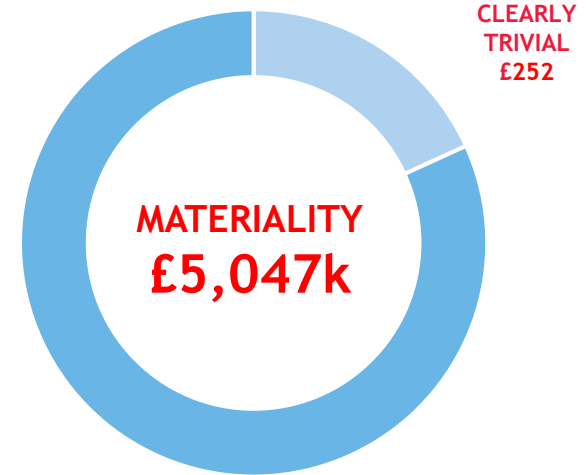
The Section 151 Officer Chief Financial Officer is responsible for the preparation of the Statement of Accounts and for being satisfied that these show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2022/23, applicable accounting standards or other direction under the circumstances. Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of the financial statements.

### Material misstatements

We did not identify any material misstatements.

### Unadjusted audit differences

We did not identify any audit differences that have not been adjusted for.





# Audit scope entities and components

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As Group auditor we are required to design an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion ISA (UK) 600. A high-level overview of how we have designed the Group audit strategy is summarised below to ensure you have clear oversight of the scope of the work we intend to perform on each entity.

Audit Risks, covered later in this report, are cross referenced to each entity to provide clarity over how these arise within your business and where the focus of the audit work will be.

The clearly trivial threshold for the Group has been set at the Group level at £252k. The clearly trivial threshold for the components is as set out in the table below.

Entity	Nature of operations	Audit classification	Reason for classification	Audit risks	Component materiality	Component clearly trivial threshold	Overall audit strategy	Work performed and results
Police and Crime Commissioner for Bedfordshire	Local authority	Significant component	Size and risk	1, 2, 3 and 4	£3.8 million	£190k	Statutory audit performed by BDO	See below
The Chief Constable for Bedfordshire Police	Local authority	Significant component	Size and risk	1, 2, and 4	£4.86 million	£243k	Statutory audit performed by BDO	See below

## Work performed and results

We are required to provide you with an overview of the:

- type of work to be performed on the financial information of the components
- nature of our planned involvement in the work to be performed by the component auditors on the financial information of significant components.

The backstop date has created time constraints that have impeded us from:

- determining the type of work to be performed on the financial information of the components
- planning our involvement in the work to be performed by the component auditors on the financial information of significant components
- completing all necessary procedures in response to the audit risks identified, which means that we were unable to obtain sufficient, appropriate audit evidence in respect of these risks.



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We assessed the following matters as being the most significant risks of material misstatement in the financial statements, or those where we consider there to be an elevated risk of material misstatement. These include those risks which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit and the directing of the efforts of the engagement team.

The backstop date has created time constraints that have impeded us from completing all necessary risk assessment procedures. Therefore, we have not been able to meet the objective of ISA (UK) 315 *Identifying and Assessing the Risks of Material Misstatement*, which is to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement. Had we met the objective of ISA (UK) 315, we may have identified additional risks to those listed below.

#	Audit Risk	Significant or Elevated Risk	Fraud risk present	Significant management estimates & judgements	Specific Letter of Representation Point
1	Management override of controls	Significant	Yes	Yes	Yes
2	Expenditure cut-off	Significant	Yes	Yes	No
3	Valuation of land and buildings	Significant	No	Yes	Yes
4	Valuation of net pension asset/liability	Significant	No	Yes	Yes



# Risk 2

## Expenditure cut-off

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	C	E	A	V	P	2021/22	2022/23
Expenditure around year end	✓					All expenditure around year end	All expenditure around year end

### Risk description

- ▶ For net-spending bodies in the public sector there is also risk of fraud related to expenditure. For the Force, we consider the risk of fraud to be in respect of the cut-off of expenditure at year-end.

### Work performed and results

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

### Key to audit assertions

C - Completeness                      A - Accuracy                      P - Presentation  
 E - Existence                              V - Valuation

● Significant risk
Elevated risk
Moderate risk
● Fraud risk
● Significant management estimates & judgements





# Risk 3

## Valuation of land and buildings

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	C	E	A	V	P	2021/22	2022/23
Land and buildings (incl surplus assets)				✓		£56 million	£59.6 million

### Risk description

- ▶ Local authorities are required to ensure that the carrying value of land and buildings is not materially different to the current value (operational assets) or fair value (surplus assets, assets held for sale and investment properties) at the balance sheet date.
  - ▶ PCC applies a five-year rolling revaluation programme to its land and buildings, with surplus assets and investment properties revalued annually. A market review is performed at the end of the financial year to determine whether material movements may have occurred since the valuation date. Property revaluations and the market review are undertaken by PCC’s external property advisors.
  - ▶ Due to the significant value of PCC’s land and buildings, there is a risk over the valuation of these assets due to the high degree of estimation uncertainty and where updated valuations have not been provided for a class of assets at the year-end.
- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

### Work performed and results

#### Key to audit assertions

- |                  |               |                  |
|------------------|---------------|------------------|
| C - Completeness | A - Accuracy  | P - Presentation |
| E - Existence    | V - Valuation |                  |

● Significant risk
Elevated risk
Moderate risk
Fraud risk
● Significant management estimates & judgements



# Risk 4

## Valuation of net pension asset/liability

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	C	E	A	V	P	2021/22	2022/23
<b>Net pension liability (before application of asset ceiling)</b>				✓		£1.434 billion	£947.6 million

### Risk description

- ▶ There are risks around both the gross pension asset and the gross pension obligation, which together determine the net defined benefit pension liability recognised in the Force’s balance sheet.
  - ▶ The gross pension asset comprises a variety of investments, including those which we consider to be ‘harder to value’ because there are no observable inputs (such as an active market for the investment). This increases the estimation uncertainty associated with the value of these investments, which include property, private equity and other managed funds.
  - ▶ The valuation of the pension liability is a complex calculation involving significant judgements and assumptions. The actuarial estimate of the pension fund liability uses information on current, deferred and retired members and applies actuarial assumptions over pension increases, salary increases, mortality, commutation take up and discount rates to calculate the net present value of the liability.
- ▶ There is a risk that the membership data and cash flows provided to the actuary at year end may not be accurate, and that the actuary uses inappropriate assumptions to value the liability. Relatively small adjustments to assumptions used can have a material impact on the Force’s share of the scheme net liability.

### Work performed and results

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

### Key to audit assertions

C - Completeness	A - Accuracy	P - Presentation
E - Existence	V - Valuation	

<span style="color: red; font-weight: bold;">●</span> Significant risk
Elevated risk
Moderate risk
Fraud risk
<span style="color: red; font-weight: bold;">●</span> Significant management estimates & judgements



# Matters requiring additional consideration

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## Laws and regulations, including fraud

LARRIG 04 '*Auditor reporting requirements under ISA(UK) 250A (Consideration of Laws and Regulations in an Audit of Financial Statements) and reporting in the public interest*' confirms that irrespective of backstop arrangements, if as part of the audit, the auditor identifies actual or suspected non-compliance with laws and regulations, the auditor is required by the ISAs (UK) to investigate and report on these matters.

Our ability to identify non-compliance with laws and regulation that may have a material effect on the financial statements is based on procedures performed during the course of the audit, which have been curtailed as a consequence of backstop arrangements. Therefore, the backstop date has created time constraints that have impeded us from performing procedures which may identify such non-compliance.

We did not identify any non-compliance with laws and regulations that could have a material impact on the financial statements.

## Significant matters in connection with related parties

We are required to report to you significant matters arising during the audit in connection with PCC Group and CC's related parties. The backstop date has created time constraints that have impeded us from performing procedures which may identify such matters.

We did not identify any significant matters in connection with the PCC Group and CC 's related parties

## Financial reporting

We are required to communicate to you our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The backstop date has created time constraints that have impeded us from considering significant qualitative aspects of PCC Group and CC's accounting practices. We therefore have no views to communicate to you in this regard.

## Significant deficiencies in internal control

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. The backstop date has created time constraints that have impeded us from performing procedures which may identify such deficiencies. In any event, as the purpose of the audit is for us to express an opinion on PCC Group and CC's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

We did not identify any significant deficiencies in internal control.



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## Matter

We are required to report if:

- we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23;
- 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;
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

## Comment

We have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 because the backstop date has created time constraints that have impeded us from completing all necessary procedures in response to this reporting requirement.

We have nothing to report in respect of the other matters.



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## Requirements of the 2024 Code of Audit Practice and Auditor Guidance Note 3 (AGN 03) *Auditors' Work on Value for Money (VFM) Arrangements*

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money arrangements) and report to you any identified significant weaknesses.

Following the Code of Audit Practice 2024 coming into force on 18 November 2024, this is based on the following two reporting criteria for incomplete audits for 2021/22 and 2022/23:

- ▶ **Financial sustainability** - How the Force plans and manages its resources to ensure it can continue to deliver its services, and
- ▶ **Governance** - How the Force ensures that it makes informed decisions and properly manages its risks.

The key output from our audit work in respect of VFM arrangements is a commentary as reported in the Auditor's Annual Report, not a VFM arrangements 'conclusion' or 'opinion'. The Code of Audit Practice 2024 enables auditors to issue a combined commentary as part of a single auditor's annual report for incomplete audits up to and including 2022/23.

Where we are aware of significant weaknesses at the time of issuing our audit report on the financial statements, the nature of the significant weakness and the associated recommendation are required to be referred to by exception in our report on the financial statements.

## Risk of significant weakness

We are required to report the results of our risk assessment to those charged with governance, including additional work planned in respect of any identified risks of significant weakness, and to keep our risk assessment under continual review, with any changes again communicated to those charged with governance.

We assessed the following matters as being the most significant risks regarding use of resources:

- ▶ There is a risk that the Force may not have adequate arrangements in place to plan and manage its resources to ensure it can continue to deliver services.



# Financial Sustainability

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## Risk description

Our risk assessment identified a risk of significant weakness within the financial sustainability area regarding the planning and delivery of efficiencies within the finance plan for the period.

## Work performed

We carried out the following planned procedures:

- ▶ Evaluating the Force's in year budget monitoring processes, and the completeness and accuracy of management information reported for decision making purposes.
- ▶ Evaluating the process by which the Force monitors its savings, and considering progress against savings targets, to determine if future targets are realistic and achievable.

## Results

We have not identified any significant weaknesses with respect to the Force's arrangements for securing economy, efficiency and effectiveness in its use of resources having regard to the specified criteria in the Code of Audit Practice.

## Discussion and conclusion

Our work did not identify any issues.





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A draft copy of our report is included in the appendices.

## **Opinion on financial statements**

We anticipate issuing a disclaimer of opinion on the financial statements, for the reasons detailed in the 'Executive summary' section of this report.

## **Use of resources**

We have no matters to report in relation to the PCC and CC's value for money arrangements.

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

We have no matters to report, other than we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for the reasons detailed in the 'Special reporting powers and duties' section of this report

# Independence and fees

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## Independence

We confirm that the firm, and the engagement team including other BDO network firms conducting the audit comply with relevant ethical requirements including the FRC’s Ethical Standard and the IESBA Code of Ethics and are independent of the Force.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

## Fee summary

We are awaiting confirmation from PSAA on the level of fees for audits disclaimed under the backstop arrangements. We will notify you once these are confirmed.

	Fees (£)		Independence safeguards	Impact on independence
	Year ended March 2022	Year ended March 2023		
Police and Crime Commissioner for Bedfordshire	TBC	TBC	None required	N/A
The Chief Constable for Bedfordshire Police	TBC	TBC	None required	N/A
Additional fees	0	0	None required	N/A
<b>Total fees</b>	<b>TBC</b>	<b>TBC</b>		

\*subject to approval by PSAA.  
 \*\*Fees in relation to the backstop are currently being determined by PSAA and a letter will follow once we are notified of the fees for the Authority.



# Partner rotation

## Independence

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These tables indicate the rotation periods normally permitted under Public Sector Audit Appointments' (PSAA) rules on rotation of key staff, as set out in the PSAA Terms of Appointment.

It is PSAA's policy that:

- engagement leads should act for an initial period of five years. PSAA may approve engagement leads for an additional period of up to no more than two years, if it is provided with assurance that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised together with details of any mitigations
- other than in exceptional circumstances, the audit manager at an audited body should be changed at least once every seven years. PSAA will approve the appointment of an audit manager for an additional period of up to three years, provided that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised
- it is not expected that an individual should act as an engagement quality control reviewer at an audited body for a period longer than seven years.

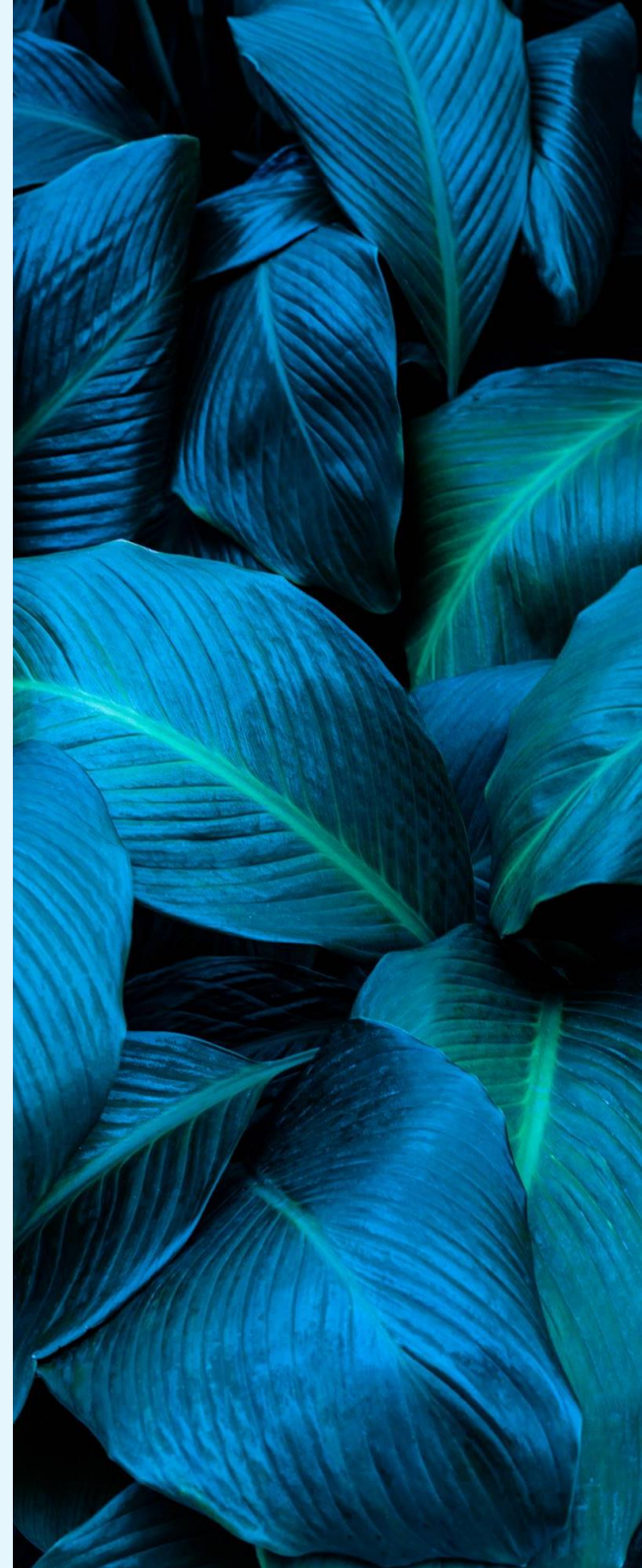
In order to safeguard audit quality, we will employ a policy of gradual rotation covering the team members below as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

### Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Rachel Brittain Engagement Lead	4	5 years
Nomalanga Manzana Audit Manager	2	7 years

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## Those Charged with Governance (TCWG)

References in this report to Those Charged With Governance are to PCC and CC as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Assistant Chief Officer.

## Communication

The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

## Auditor's Annual Report

We will provide a commentary on the PCC and CC's arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from the PCC and CC. The Auditor's Annual Report is required to be published by PCC and CC.

The Code of Audit Practice 2024 confirms that for incomplete audits up to and including 2022-23, the auditor may issue a combined commentary as part of a single Auditor's Annual Report. We have therefore decided to issue a combined commentary as part of a single Auditor's Annual Report for 2021-22 and 2022-23.

Communication required	Date (to be) communicated	To whom	Communication method
Audit Planning Report	29 November 2024	Joint Audit Committee	Combined Audit Planning Report and Audit Completion Report
Audit Completion Report	29 November 2024	Joint Audit Committee	Combined Audit Planning Report and Audit Completion Report
Auditor's Annual Report	29 November 2024	Joint Audit Committee	Auditor's Annual Report



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BDO LLP  
55 Baker Street  
London  
W1U 7EU

Dear Sirs

## **Financial statements of The Police and Crime Commissioner for Bedfordshire Group for the year ended 31 March 2023**

We confirm that the following representations given to you in connection with your audit of the Group and the Police and Crime Commissioner's financial statements (the 'financial statements') for the year ended 31 March 2023 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of Police and Crime Commissioner (PCC) and other Group entities.

The Assistant Chief Officer has fulfilled their responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and in particular that the financial statements give a true and fair view of the financial position of the Group and the Police and Crime Commissioner's as of 31 March 2023 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of the Police and Crime Commissioner's, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the Group and the Police and Crime Commissioner's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of the PPC and the group have been made available to you for the purpose of your audit and all the transactions undertaken by group and PCC have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and other meetings have been made available to you.

### **Going concern**

We have made an assessment of the PCC and the group's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the group and PCC's ability to continue as a going concern.

### **Laws and regulations**

In relation to those laws and regulations which provide the legal framework within which PCC's business is conducted, and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which I am aware and all actual or contingent consequences arising from such instances of non-compliance.

### **Post balance sheet events**

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.



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## Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees that could have a material effect on the financial statements. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge, we are not aware of any allegations of fraud or suspected fraud that have been communicated by employees, former employees, analysts, regulators or any other party that could materially affect the financial statements

## Misstatements

You have not advised us of any unadjusted misstatements in the financial statements or other information in the Statement of Accounts.

## Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

Other than as disclosed in note 34 to the financial statements, there were no loans, transactions or arrangements between any Group entity and members of the PCC or their connected persons at any time in the financial period which were required to be disclosed.

## Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements.

## Accounting estimates

### a) Pension fund assumptions

We confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) liabilities, as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business

We confirm that the actuarial assumptions underlying the valuation of the Police Pension Fund liabilities, as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business.

### b) Valuation of Land and Buildings

We are satisfied that the useful economic lives of land and buildings, and their constituent components, used in the valuation of land and buildings, and the calculation of the depreciation charge for the year, are reasonable.

We confirm that the valuations applied to land and buildings revalued in the year, as provided by the valuer and accounted for in the financial statements, are reasonable and consistent with our knowledge of the business and current market prices. We confirm that no subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements.



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## Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

## Compliance with Accounts and Audit Regulations 2015

We confirm that we have complied with the requirements of sections 25 and 26 of the Local Audit and Accountability Act 2014 and sections 14 and 15 of the Accounts and Audit Regulations 2015 in respect of the public inspection of accounts.

## Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each member has taken all the steps that they ought to have taken as a member of the police and Crime Commissioner for Bedfordshire in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Philip Wells  
Chief Finance Officer

[date]

John Tizard  
Police and Crime Commissioner for Bedfordshire

[date]





# Management representation letter CC

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BDO LLP  
55 Baker Street  
London  
W1U 7EU

Dear Sirs

## Financial statements of The Chief Constable for Bedfordshire Police for the year ended 31 March 2023

We confirm that the following representations given to you in connection with your audit of the Roden Hurst Chief Constable for Bedfordshire Police's financial statements (the 'financial statements') for the year ended 31 March 2023 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of The Chief Constable for Bedfordshire Police (CC)

The Chief Finance Officer has fulfilled their responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and in particular that the financial statements give a true and fair view of the financial position of the CC as of 31 March 2023 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of the CC, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the Group and the CC's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of the CC have been made available to you for the purpose of your audit and all the transactions undertaken by the CC have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Force, management and other meetings have been made available to you.

### Going concern

We have made an assessment of the CC's to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the CC's ability to continue as a going concern.

### Laws and regulations

In relation to those laws and regulations which provide the legal framework within which CC's business is conducted, and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which I am aware and all actual or contingent consequences arising from such instances of non-compliance.

### Post balance sheet events

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.



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## Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees that could have a material effect on the financial statements. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge, we are not aware of any allegations of fraud or suspected fraud that have been communicated by employees, former employees, analysts, regulators or any other party that could materially affect the financial statements.

## Misstatements

You have not advised us of any unadjusted misstatements in the financial statements or other information in the Statement of Accounts.

## Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

Other than as disclosed in note 22 to the financial statements, there were no loans, transactions or arrangements between any Group entity and members of the CC or their connected persons at any time in the financial period which were required to be disclosed.

## Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements.

## Accounting estimates

### a) Pension fund assumptions

We confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) liabilities, as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business.

We confirm that the actuarial assumptions underlying the valuation of the Police Pension Fund liabilities, as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business.

## Compliance with Accounts and Audit Regulations 2015

We confirm that we have complied with the requirements of sections 25 and 26 of the Local Audit and Accountability Act 2014 and sections 14 and 15 of the Accounts and Audit Regulations 2015 in respect of the public inspection of accounts.



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## Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

## Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each member has taken all the steps that they ought to have taken as a member of CC in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Philip Wells

Chief Finance Officer

[date]

Trevor Rodenhurst

Chair of the Joint Audit Committee

[date]



# Draft Audit Report - PCC

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### INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR BEDFORDSHIRE

#### Disclaimer of opinion

We do not express an opinion on the accompanying financial statements of the Police and Crime Commissioner for Bedfordshire and the group. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements of the Police and Crime Commissioner for Bedfordshire and the Chief Constable for Bedfordshire Police (together comprising "the group") for the year ended 31 March 2023 which comprise the Police and Crime Commissioner for Bedfordshire and the group Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Police Pension Fund Accounting Statement and notes to the financial statements including material accounting information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

#### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Police and Crime Commissioner for Bedfordshire to publish audited financial statements for the year ended 31 March 2023 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The conditions created by backstop arrangements have resulted in us not being able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by the backstop date. Consequently, we have not performed any work in respect of any audit area. As a result, we are unable to conclude that the Police and Crime Commissioner for Bedfordshire's and group's financial statements for the year ended 31 March 2023 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

#### Other information

The Chief Finance Officer is responsible for the other information. The other information includes all other information included in the Statement of Accounts, other than the financial statements for Police and Crime Commissioner for Bedfordshire and the group and our auditor's report thereon. The Code of Audit Practice 2024 requires auditors to report on whether other information published together with the financial statements is consistent with the financial statements.







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Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to form an opinion on whether the other information published together with the financial statements is consistent with the financial statements.

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

#### **Use of resources**

We are required to report to you if, in our opinion, we are not satisfied that the Police and Crime Commissioner for Bedfordshire has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in this regard.

#### **Other matters on which we report by exception**

We are required to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23;
- 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;
- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters, except that because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

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

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the financial statements and for being satisfied that the financial statements give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner for Bedfordshire's and group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Police and Crime Commissioner for Bedfordshire's or group without the transfer of its services to another public sector entity.





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The Police and Crime Commissioner for Bedfordshire is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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

Our responsibility is to conduct an audit of the Police and Crime Commissioner for Bedfordshire's and group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Police and Crime Commissioner for Bedfordshire and group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We are required under section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner for Bedfordshire has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report

where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner for Bedfordshire's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

### **Auditor's other responsibilities**

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

### **Certificate**

We certify that we have completed the audit of the accounts of the Chief Constable for Bedfordshire Police 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 for Bedfordshire, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Chief Police and Crime Commissioner for Bedfordshire those matters we are required to state to them 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 for Bedfordshire Police, as a body, for our audit work, for this report, or for the opinions we have formed.







# Draft Audit Report - CC

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### INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR BEDFORDSHIRE POLICE

#### Disclaimer of opinion

We do not express an opinion on the accompanying financial statements of the Chief Constable for Bedfordshire Police. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements of the Chief Constable for Bedfordshire Police for the year ended 31 March 2023 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Police Pension Fund Accounting Statement and notes to the financial statements including material accounting information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

#### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Chief Constable for Bedfordshire Police to publish audited financial statements for the year ended 31 March 2023 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements

The conditions created by backstop arrangements have resulted in us not being able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by the backstop date. Consequently, we have not performed any work in respect of any audit area. As a result, we are unable to conclude that the Chief Constable for Bedfordshire Police's financial statements for the year ended 31 March 2023 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

#### Other information

The Chief Finance Officer is responsible for the other information. The other information includes all other information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Code of Audit Practice 2024 requires auditors to report on whether other information published together with the financial statements is consistent with the financial statements. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to form an opinion on whether the other information published together with the financial statements is consistent with the financial statements.

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

#### Use of resources





# Draft Audit Report - CC

## Audit Report

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We are required to report to you if, in our opinion, we are not satisfied that the Chief Constable for Bedfordshire Police has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in this regard.

### Other matters on which we report by exception

We are required to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23;
- 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;
- we make a written recommendation to the Chief Constable for Bedfordshire Police under section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters, except that because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

### Responsibilities of the Chief Finance Officer and the Chief Constable

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the financial statements and for being satisfied that the financial statements 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 Finance Officer is responsible for assessing the Chief Constable for Bedfordshire Police'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 they have been informed by the relevant national body of the intention to dissolve the Chief Constable for Bedfordshire Police without the transfer of its services to another public sector entity.

The Chief Constable for Bedfordshire Police is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.







# Draft Audit Report - CC

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

Our responsibility is to conduct an audit of the Chief Constable for Bedfordshire Police's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Chief Constable for Bedfordshire Police 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.

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

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

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

### Auditor's other responsibilities

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

### Certificate

We certify that we have completed the audit of the accounts of the Chief Constable for Bedfordshire Police 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 for Bedfordshire Police, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Chief Constable for Bedford Police those matters we are required to state to them 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 for Bedfordshire Police, as a body, for our audit work, for this report, or for the opinions we have formed.



# FRC Ethical Standard

Issued in December 2019

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It is now around four years since the FRC's Revised Ethical Standard 2019 ('ES') came into force. It aimed to further strengthen auditor independence and enhance confidence in the profession and was, in many ways, a precursor to the Corporate Governance and Audit Reform debate

that is still ongoing. Although the ES is now well-established it is worth taking time to reconsider some of its most important changes and ensure your internal policies and procedures are effective.

Key headlines	Impact
<b>The objective, reasonable &amp; informed third party test</b>	Reinforcement that ethical principles take priority over rules. A need to take care where particular facts and circumstances are either not addressed directly by the rules or might appear to 'work around' the rules or result in an outcome that is inconsistent with the general principles and the public interest.
<b>Contingent fees</b>	Non-audit services with contingent or success-based fee arrangements will be prohibited for audited entities.
<b>Secondments</b>	All secondments/loan staff to audited entities are prohibited with the exception of secondments to public sector entities.
<b>Recruitment and remuneration services</b>	Prohibition on providing remuneration services to audited entities such as advising on the quantum of the remuneration package or the measurement criteria for calculation of the package. In addition, the prohibition on providing recruitment services to an audited entity that would involve the firm taking responsibility for, or advising on the appointment of, any director or employee of the entity.

# FRC Practice Aid for Audit Committees

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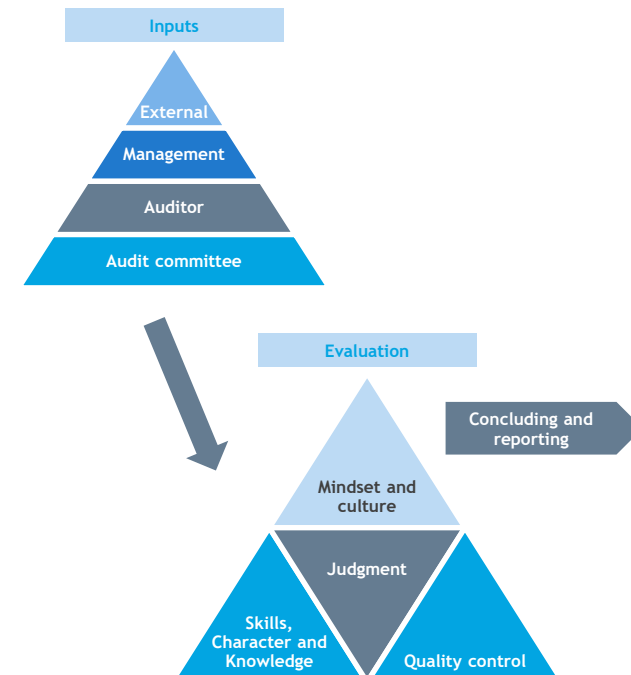
The Financial Reporting Council (FRC) issued an updated practice aid for audit committees in December 2019 and a full copy can be found on the [FRC website](#). In their practice aid the FRC note: 'The directors of a Company (the Board as a whole) are responsible for ensuring its financial statements are prepared in accordance with the applicable financial reporting framework and for overseeing the Company's internal control framework. A high-quality audit provides investors and other stakeholders with a high level of assurance that the financial statements of an entity give a true and fair view and provide a reliable and trustworthy basis for taking decisions.'

The practice aid then discusses how the role of audit committees in serving the interests of investors and other stakeholders is through their independent oversight of the annual corporate reporting process including the audit. The FRC highlight that the responsibility for appointing the external auditor, approving their remuneration and any non-audit services work, ensuring their independence and challenging them over the quality of their work falls to the audit committee and can play a key role in facilitating a high-quality audit (see note across).

It gives guidance for Audit Committees in the following areas:

- ▶ Audit tenders and the tender process including audit fee negotiations and auditor independence
- ▶ A model for use by audit committees in making an overall assessment of an external auditor including inputs, evaluations and concluding
- ▶ Transparency - reporting to the Board on how the audit committee has discharged these responsibilities
- ▶ Some guidance on key areas of audit judgement

The provision of high-quality audits are a key focus of FRC and the new Executive Director of Supervision, David Rule, sent a letter to all audit firms in November 2019 explaining the factors he would expect to see in place in order to facilitate the delivery of high-quality audits. A copy of the letter can be found on the [FRC website](#)



# Audit quality

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## BDO is totally committed to audit quality

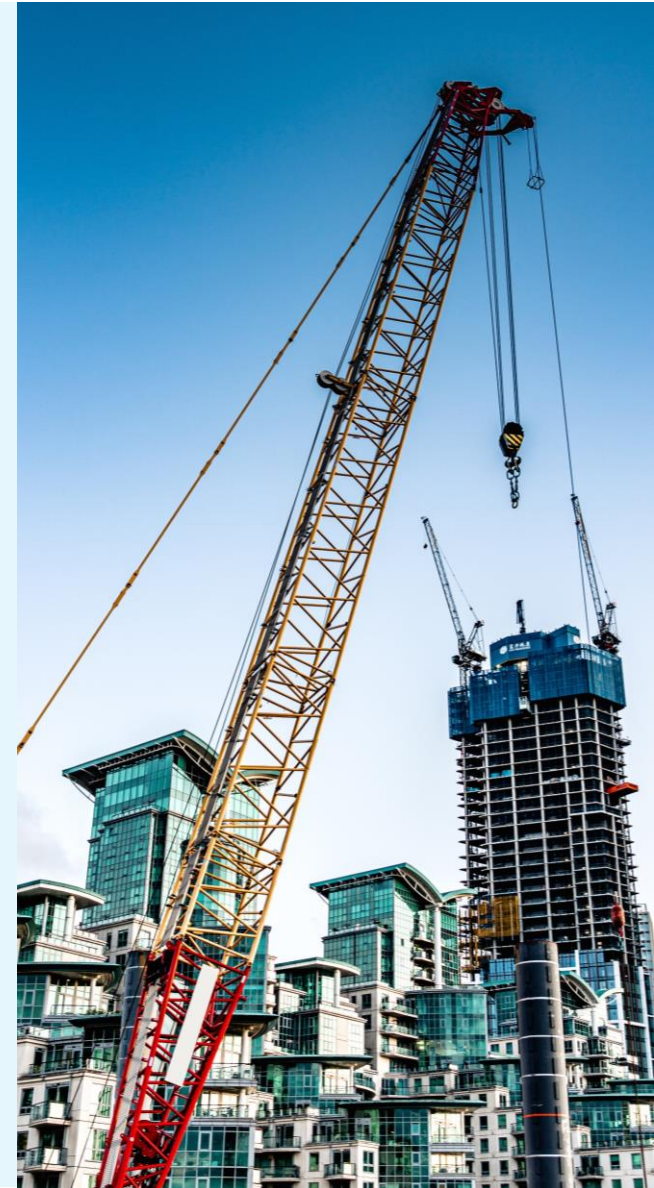
It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections.

BDO welcomes feedback from external bodies and is committed to implementing necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Force's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US companies), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years.

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at [www.bdo.co.uk](http://www.bdo.co.uk)



# Our culture of challenge

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***“The Right people,  
supported to do the Right  
Work, in the Right place at  
the Right time. In short  
doing the Right thing.  
Always.”***

A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. While the ICAEW Code of Ethics provides guidance on how a professional accountant fulfils their duty, the focus of our firm, and auditors individually is to discharge our obligation to serve the public interest by consistently performing quality audit engagements.

Our work as auditors is fundamental to the success of the business world, enabling decisions based on transparent financial reporting that is trusted. The purpose of an audit is to help establish and maintain deserved confidence in a company, in its directors and in the information which they have responsibility to report, including the financial statements.

Quality is represented in our strategic framework in two important and distinct ways:

- The first is that we are committed to serving the public interest by consistently performing quality engagements - this is particularly important for two reasons: firstly, that it is the right thing to do and secondly, that it's required of by the international standards on quality management.
- The second commitment is to high quality, independence and ethics, which is broader than just our performance on individual audit and non-audit engagements and recognises the importance of high quality in everything we do.

Our Audit Specific Behaviours provide guidance and set consistent expectations for our auditor teams to ensure our day-to-day interactions and decision making come together to create High Performing Teams, that do the right thing. Always.

Read our latest Transparency Report on the BDO website.





# Our system of quality management

## ISQM (UK) 1 - Communication with you

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We recognise that a System of Quality Management (SoQM) designed in line with the requirements of ISQM(UK)1 is the bedrock on which consistent high-quality auditing is built. During FY24, we rigorously assessed our SoQM and reported to the FRC that the design of our SoQM had a number of weaknesses and did not meet the objectives of ISQM(UK)1. As a result and led by BDO's Leadership Team (LT), we commenced a thorough remediation programme, in Autumn 2023, to redesign our SoQM in accordance with ISQM(UK)1. This has been the top strategic priority for the firm throughout FY24 and progress on the programme has been scrutinised at every LT meeting. Collective accountability for our SoQM is recognised by LT. All LT members and members of our Audit leadership set personal objectives relating to their individual responsibility for ISQM(UK)1 which they were measured against in their 2024 performance reviews.

Our programme began with a review of the quality objectives that form part of our SoQM, followed by revisiting our risk assessment to identify the risks to meeting these quality objectives. We have documented every significant process which forms part of our SoQM and assessed the design to determine whether it appropriately mitigates the relevant quality risks. This has resulted in enhancements and improvements to our processes and controls which we believe will improve how we manage audit quality. We have also identified the need for additional processes which we believe will have a significant impact on managing audit quality and designed and implemented these during the programme. The remediation programme was rapid, intense and detailed and the pace and volume of change we implemented over the course of FY24 has been huge. A SoQM takes time to embed and mature and we know that we have more work to do over the next year and into the future. This will include further implementation of controls to enhance our SoQM, as well as allowing time for some of the new processes and controls implemented in FY24 to deliver on their design objectives, providing enough evidence for us to be able to test them fully. Our new SoQM will provide us with better data, thereby driving more targeted actions to deliver consistently high-quality audits.

The LT, who have ultimate responsibility and accountability for the SoQM under ISQM(UK)1, carried out an evaluation of the SoQM as at 30 June 2024. The LT concluded in line with paragraph 54(b) of ISQM(UK)1 that, except for matters related to identified deficiencies that have a severe but not pervasive effect on the design, implementation and operation of the SoQM, the SoQM provides the firm with reasonable assurance that the objectives of the SoQM are being achieved. Further details are available in our 2024 Transparency Report, which is available on the firm's website.

# THE POLICE AND CRIME COMMISSIONER FOR BEDFORDSHIRE and CHIEF CONSTABLE FOR BEDFORDSHIRE POLICE responsibilities

## THE PCC AND CC's Responsibilities and Reporting

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### Financial reporting

The PCC and CC are expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which the PCC group, PCC and CC accounts for its stewardship and use of the public money at its disposal.

The form and content of the PCC group, PCC and CC's financial statements, and any additional schedules or returns for consolidation purposes, should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2022/23, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.

### Use of resources

Local authorities are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal.

As part of the material published with its financial statements, PCC and CC are required to bring together commentary on its governance framework and how this has operated during the period in a Governance Statement.

In preparing its Governance Statement, the PCC group will tailor the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.



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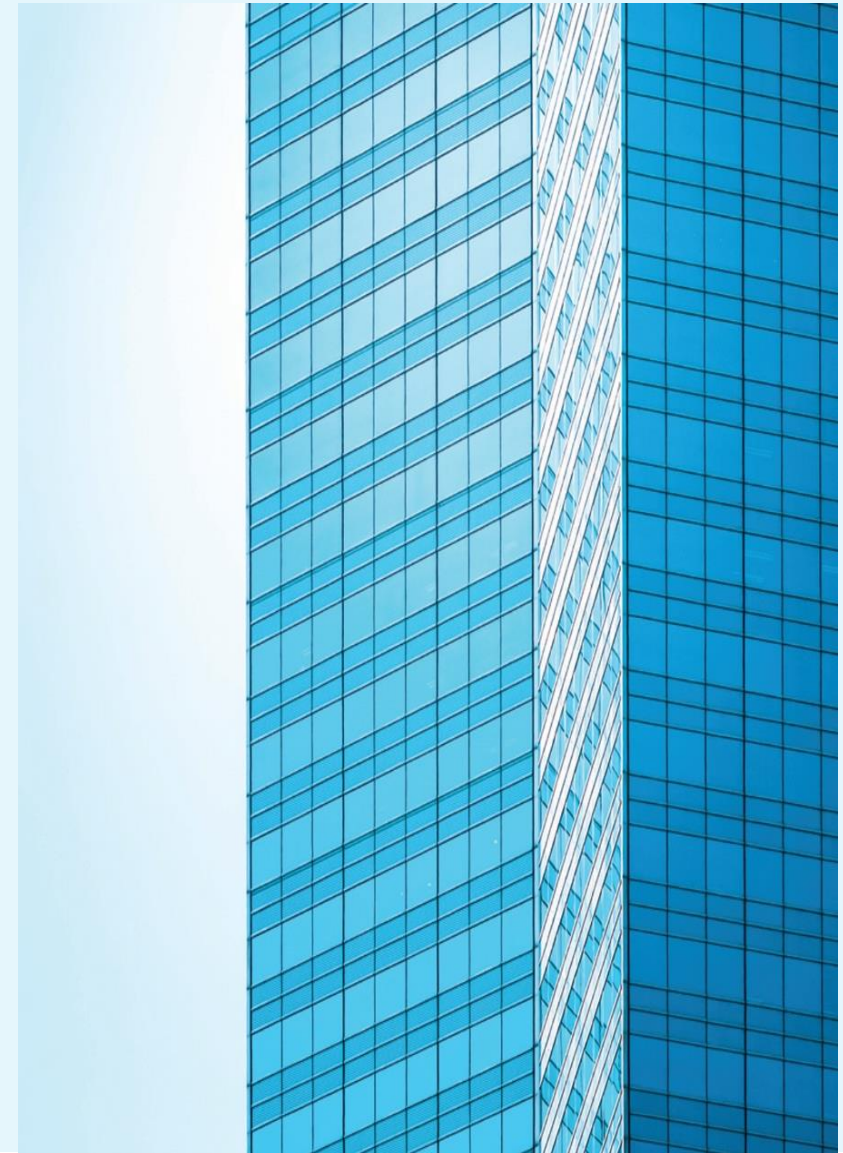
## Our responsibilities and reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the officers of the Police and Crime Commissioner and Chief Constable.

We are required to satisfy ourselves that the Force has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This means that we have regard to relevant guidance issued by the National Audit Office and undertake sufficient work to be able to satisfy ourselves as to whether the Force has put arrangements in place that support the achievement of value for money and to provide an annual commentary on arrangements in the Auditor's Annual Report.

## What we don't report

Our audit is not designed to identify all matters that may be relevant to the PCC and CC and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist







For more information:

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Engagement Lead

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of Police and Crime Commissioner for Bedfordshire and the Chief Constable for Bedfordshire Police and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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