



**Sussex
Police & Crime
Commissioner**

11 December 2020

Mr Mark Hodgson
Associate Partner
Ernst & Young LLP
One Cambridge Business Park
Cambridge

CB4 0WZ

Dear Mr Hodgson

The Police and Crime Commissioner for Sussex and The Chief Constable of Sussex – Letter of Representations for the financial year 2019/20

General statement

This letter of representations is provided in connection with your audit of the financial statements of the Office of the Police & Crime Commissioner for Sussex (PCC) / Chief Constable (CC) for Sussex ("the PCC/CC") for the year ended 31 March 2020 and includes the Group reporting consolidation.

I 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 financial statements give a true and fair view of the financial position of the PCC and CC as of 31 March 2020 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

I understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit is conducted in accordance with International Standards on Auditing (UK and Ireland), 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, I make the following representations, which are true to the best of my knowledge and belief, having made such inquiries as I considered necessary for the purpose of appropriately informing myself:

A. Financial Statements and Financial Records

1. I have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 (as amended in 2020 for Covid-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. I acknowledge as a member of management of the PCC/CC, my responsibility for the fair presentation of the PCC/CC's financial statements. I believe the PCC/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/CC in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and are free of material misstatements, including omissions. I have approved the PCC/CC financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As a member of management of the PCC/CC, I believe that the PCC/CC has 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 2019/20, that are free from material misstatement, whether due to fraud or error. I have disclosed to you any significant changes in our processes, controls, policies and procedures that have been made to address the effects of the COVID-19 pandemic on the system of internal controls.
5. I believe that the effects of any unadjusted audit differences, summarised in the Audit Results Report, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

I have not corrected the differences identified and brought to your attention by us because I am satisfied this is not material to the accounts and would not therefore mislead a reader of the accounts.

One unadjusted audit difference was identified in the financial statements by the External Audit team relating to the Group's share of the difference between the actuary's estimation of the Pension Fund value and the actual Fund value at 31 March 2020. This difference was calculated as £464,402 for the Group, of which £4,208 related to the PCC accounts and £460,194 related to the Chief Constable accounts. I have not corrected this difference because I am satisfied the required IAS19 disclosures reflected in the financial statements are materially correct and based on supporting information.

The second unadjusted audit difference related to incorrect floor areas being used within the valuations which amounted to an understatement of Land

and Buildings of £412,381 over a number of properties but was not considered material to require further adjustment to the accounts.

The final unadjusted audit difference was due to a difference of judgement between Sussex Police and EY regarding valuation of the turning circle area of Crawley Down. Sussex Police were happy the valuation was correct on current usage and as there are no fire engines currently on site there is more space available for parking, this difference of opinion amounts to an overstatement of Land and Buildings of £616,000.

The two adjustments above in relation to Land and Buildings together total £203,619 which we do not consider sufficiently material for the accounts to be amended.

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

1. I acknowledge that I am responsible to determine that the PCC/CC's activities are conducted in accordance with laws and regulations and that I am responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. I acknowledge that I am responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. I have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. I have no knowledge of any identified or suspected non-compliance with laws and regulations, including fraud that may have affected the Group or PCC/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 PCC/CC's 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 PCC/CC's activities, its 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. I 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 as agreed in terms of the audit engagement.
 - 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 are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. I have made available to you all minutes of the meetings of the PCC/CC and its 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: 25 November 2020.
4. I confirm the completeness of information provided regarding the identification of related parties. I have disclosed to you the identity of the PCC/CC related parties and all related party relationships and transactions of which I am aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period 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 financial statements.
5. I believe that the significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.
6. I have disclosed to you, and the PCC/CC has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter to you, through to the date of this letter, I have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of my 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 financial statements.
2. I have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. I have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements (please specify the Note) all guarantees that I have given to third parties.

E. Subsequent Events

1. That other than the disclosure described in Note 3 to the PCC/CC's financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Accounting Estimates

1. I believe that the significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:
 - I believe the measurement processes, including related assumptions and models, you used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - The assumptions used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
 - No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

G. Expenditure Funding Analysis

1. I confirm that the financial statements reflect the operating segments reported internally to the PCC/CC.

H. Going Concern

1. The PCC/CC has prepared the financial statements on a going concern basis and that Note 2 to the financial statements discloses all of the matters of which I am aware that are relevant to the PCC/CC's ability to continue as a going

concern, including significant conditions and events, our future financial plans and the veracity of the associated future funding allocations from the Home Office, the sufficiency of cash flows to support those financial plans.

I. Ownership of Assets

1. 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).

J. Reserves

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

K. Valuation of Property, Plant and Equipment Assets

1. I agree with the findings of the experts engaged to evaluate the values of the PCC/CC's land and buildings and have adequately considered the qualifications of the experts in determining the amounts and disclosures included within the PCC/CC's financial statements and the underlying accounting records. I did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.
2. I believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
3. I confirm that the significant assumptions used in making the valuation of assets appropriately reflect my intent and ability to carry out specific courses of action on behalf of the entity.
4. I confirm that the disclosures made in the PCC/CC financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
5. I confirm that no adjustments are required to the accounting estimate(s) and disclosures in the PCC/CC financial statements due to subsequent events.
6. I confirm that I have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
7. I confirm that for assets carried at historic cost, that no impairment is required.

L. Retirement benefits

1. On the basis of the process established by me and having made appropriate enquiries, I am satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with my knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.
2. I agree with the findings of the specialists 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/CC financial statements and the underlying accounting records. I 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 I am not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. I believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
4. I confirm that the significant assumptions used in making the valuation of the pension liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. I confirm that the disclosures made in the consolidated and PCC/CC financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
6. I confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and PCC/CC financial statements due to subsequent events.

M. Other information

1. I acknowledge my responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the "*Statement of Accounts for the year 2019/20*".
2. I confirm that the content contained within the other information is consistent with the financial statements.

N. Group audits

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

O. Specific Representations

I have no further specific representations in addition to those above.

I confirm this letter was reviewed by the Joint Audit Committee at its meeting on 26 November 2020.

Yours Sincerely



Katy Bourne
Police and Crime Commissioner for Sussex
On behalf of the PCC for Sussex

Date: 11 December 2020



Iain McCulloch
Chief Finance Officer
On behalf of the PCC for Sussex

Date: 11 December 2020



Jo Shiner
Chief Constable of Sussex
On behalf of the Chief Constable of Sussex

Date: 11 December 2020



Peter Gillet
Executive Director of Commercial & Finance Services
Chief Finance Officer
On behalf of the Chief Constable of Sussex

Date: 11 December 2020