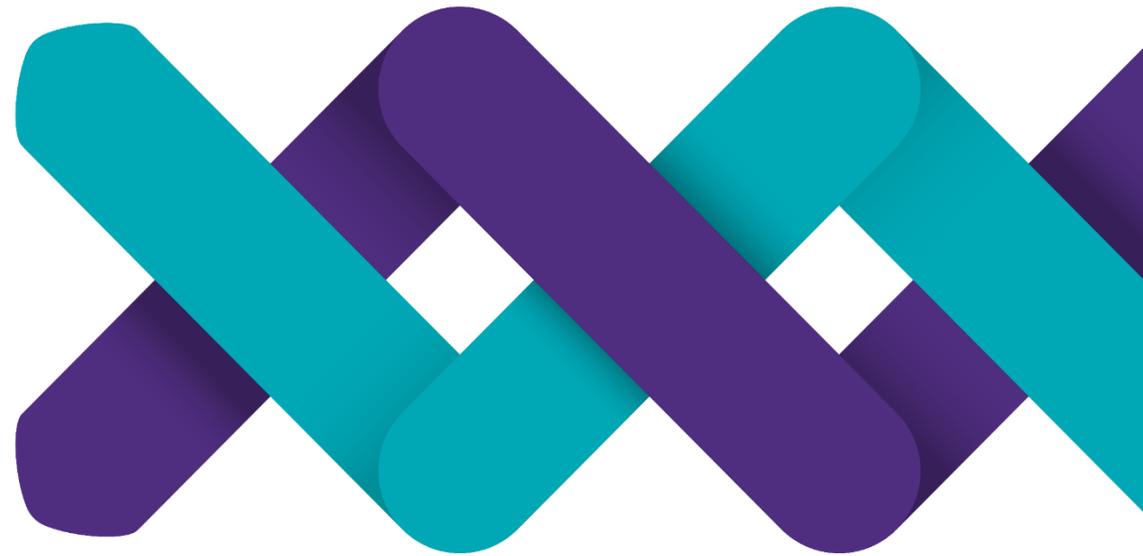


# Audit Progress Report

Police and Crime Commissioner for the West Midlands  
and Chief Constable for the West Midlands

Year ending 31 March 2019

March 2019



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# Introduction



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This paper provides the Joint Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- A summary of the emerging national issues and developments that may be relevant to you
- Includes a number of challenging questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes).

Members of the Joint Audit Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress report (to date)

## Financial Statements Audit

We carried out the following interim audit fieldwork in January and February 2019:

- Documented our review of the control environment
- Documented our understanding of financial systems
- Reviewed Internal Audit reports on core financial systems
- Undertook early work on emerging accounting issues
- Undertook early substantive testing

The audit team are currently undertaking the final interim work to complete the early substantive testing before year end. The findings from our interim audit to date are summarised on the following page.

The final accounts audit is due to begin on the 3rd June 2019 with findings reported to you in the Audit Findings Report by the deadline in July 2019. A key change for your Finance team is the new Deputy s151 Officer starting in April 2019. We will ensure that we work closely with her to ensure that she is fully briefed on progress and potential risks to year end delivery once she is in post.

## Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

We have undertaken our risk assessment and identified that the key risks to delivering value for money are:

- Devolution;
- Financial strategy and long term sustainability; and
- Risk management.

We have detailed this within the Audit Plan and will undertake more detailed work in March and April 2019.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the 31 July deadline.

## Other areas

### Meetings

We continue to meet with Finance Officers throughout the financial year and supplement this with e-mails where information crops up which we share.

We continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. A significant focus for 2018/19 has been on project planning to ensure timely delivery of your opinion and the other elements of your year end audit.

We also support the Members of the Joint Audit Committee and are participating in a meeting following this Committee to support on-going training and development identification.

### Events

Our free to attend accounts workshop has now taken place and we look forward to inviting you to future events taking place throughout the year

We also held a session for Joint Audit Committee Chairs in the Autumn where West Midlands was represented. We will keep you informed of future dates as they arise.

# Results of interim audit work

Area of focus	Work performed	Conclusions and recommendations
<b>Control environment and business processes</b>	We have obtained an understanding of the overall control environment and business processes relevant to the preparation of the financial statements.	Our work has identified no material weaknesses which are likely to adversely impact on the PCC's or Force's financial statements.
<b>Control activities</b>	<p>We have completed, as far as possible prior to year end, walkthrough tests of the PCC and Force's controls operating in areas where we consider that there is a significant risk of material misstatement to the financial statements. These include Journals, Pensions, and PPE valuations.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the PCC and the Force in accordance with our documented understanding.</p>	Our work has not identified any weaknesses which impact on our audit approach.
<b>Journal entry controls</b>	We have reviewed the PCC and Force's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the control environment or financial statements.	<p>Our work to date has not identified any weaknesses which impacts on our audit approach.</p> <p>We will perform detailed testing of journals at the year end final accounts visit.</p>
<b>Early substantive testing</b>	<p>We have commenced early substantive testing on key income transactions from months 1-9 and expenditure from months 1-10.</p> <p>We have also begun our substantive analytical review of payroll expenditure from months 1-9.</p>	<p>Our early testing to month 9 is in progress and we will complete this testing during our March interim visit.</p> <p>We will update our testing to cover the remaining months of the year at our final accounts visit.</p>

## Feedback from our interim work has been provided to the Director of Commercial Services confirming that:

- Communication has improved between Finance and the Audit teams.
- There is a better understanding by the Finance team of what our testing is trying to achieve resulting in better and more timely responses.
- The system for transferring working papers we have introduced has helped as we are now able to keep better track of requests and add due dates to help Finance manage their time and workload better.
- Turnaround times for evidence requests for sample items has been good.
- The only area for improvement relates to the choosing of the expenditure sample. We have spent time working with the team to fully understand the expenditure reconciliation which involved obtaining a further reconciliation to prove the population to the ledger.

# Audit Deliverables

2018/19 Deliverables	Planned Date	Status
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Trust's 2018/19 financial statements.	March 2019	Completed
<b>Interim Audit Findings</b> We will report to you the significant findings from our interim audit within our Progress Report.	March 2019	Completed
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the July Audit Committee.	July 2019	Not yet due
<b>Auditor's Report</b> This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	September 2019	Not yet due

# Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from sector specialists](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:

[Public Sector](#)

[Police](#)

## Progress made ensuring disabled victims get access to justice

A report published by HMICFRS on the progress made on the 2013 joint report: Living in a Different World since the last update in 2015 highlights some significant improvements in handling cases involving disability hate crime. There are also signs that the number of cases being identified correctly as hate crimes are increasing, and there has been an increase in the number of successful applications for sentence uplifts due to cases containing elements of disability hate crime.

While praising the work already done, the report makes recommendations to further improve performance. These include recommendations regarding the identification and investigation of cases involving disability hate crime, and of the coordination of work between the police and CPS in these matters. It is also recommended that a number of changes are made to better highlight and explain cases to the court and defence where an increase in sentencing is required due to the offence being motivated wholly or in part by hostility towards a disability.

The report can be accessed by clicking on the image below.



## HMICFRS Value for Money profiles 2018

HMICFRS has published the latest Value for Money profiles, which provide comparative data on a wide range of policing activities for each police force in England and Wales. Value for Money profiles help forces make better decisions by identifying areas where improvements can be made in cost and performance.

Using browser-based software, users can now view interactive dashboards and select the data points that interest them most and generate reports tailored to their own interests.

The dashboard can be accessed through the following link  
<https://www.justiceinspectors.gov.uk/hmicfrs/our-work/article/value-for-money-inspections/value-for-money-profiles/value-for-money-dashboards/>

## Police cannot fix a broken mental health system

Police officers are increasingly being used as the service of default in responding to people with mental health problems, a report by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services has confirmed.

The report makes it clear that whilst the police service is doing a good job in difficult circumstances, there are concerns over whether the police should be involved in responding to mental health problems at the current level. The report emphasises that there needs to be a radical rethink and a longer-term solution to what has become a national crisis.

HMICFRS commissioned a survey to understand better the public's view of the role of the police service in helping people with mental health problems. The findings included:

- just two percent of people surveyed felt it was the police's responsibility to respond to mental health calls.
- seventy percent of people felt it was the main responsibility of the health services to deal with people with mental health problems; and
- a further 10 percent felt that the local authority or council were responsible.

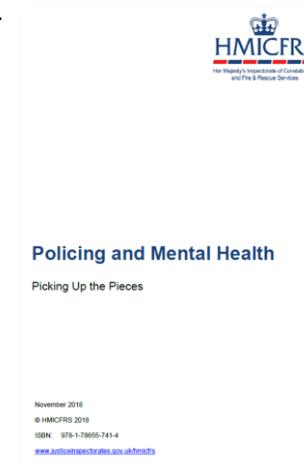
However, the report reflects that demand for police to respond to mental health-related calls is increasing. Forces tended to underestimate the number of officers sent to mental health incidents, the response to which took longer than forces realised. Some forces are more advanced at understanding and measuring demand in this area than others, but overall the police service needs to improve its understanding of the extent of mental health demand.

The scale of the problem is illustrated by findings that, in London, for example, the police receive a call about a mental health concern once every four minutes and send an officer to respond to a mental health call every twelve minutes. The top five individual repeat callers to the Metropolitan Police Service all have mental health problems and called the force a combined total of 8,655 times last year, costing the service £70,000 just to answer the calls. Welsh forces have estimated that each call takes, on average, three hours.

The report found strong leadership and governance on mental health across most forces. Also, there are strong and well-established partnerships across the country to support the most vulnerable in society, the most widespread of which is a mental health triage system to manage mental health demand and respond better to people in crisis. Additionally, police officers had a good understanding of how to respond to those with mental health problems and feedback from partner organisations recognised the empathy officers showed in supporting those with mental health problems.

The report identifies improvements that police forces can make in improving training and building a clearer view of demand, and the report concludes that the longer-term solution must involve all public services if it is to provide people with mental health problems with the expert support they deserve.

The report can be accessed by clicking the cover below.





### Early Intervention Youth Fund: successful bids

The Home Office has published the details of successful bids to the Early Intervention Youth Fund, with a total of 29 projects receiving £17.7 million over a period of two years. The Fund is designed to divert children and young people away from violent crime. The projects will include work with children and young people at risk of criminal involvement, organisations safeguarding those at risk of gang exploitation and county lines, or who have already offended to help divert them into positive life choices.

A list of successful bids can be found by clicking the following link <https://www.gov.uk/government/publications/early-intervention-youth-fund-successful-bids/early-intervention-youth-fund-successful-bids>

### Enabling Police and Crime Commissioners (PCCs) to sit and vote on Combined Fire and Rescue Authorities (FRAs)

The Home Office has summarised the consultation responses and next steps in respect of the proposal to vary the combination schemes of Combined Fire and Rescue Authorities (FRAs).

The responses demonstrate strong support among those directly affected for implementing the provisions of the 'representation model', with 91% of affected Combined FRAs agreeing to the proposed amendments.

This consultation was about ensuring that Combined FRAs can appoint a PCC with voting rights, and that the same level of transparency applies to Combined FRAs as it does to County or Metropolitan FRAs. Having carefully considered the consultation responses, the Government has decided to vary the combination schemes of those Combined FRAs who have agreed to the proposed amendments. A negative statutory instrument (SI) will now be drafted to make these amendments and it is then expected to be laid before Parliament in the autumn.

This sets a clear expectation for opportunities for closer working and cooperation to be implemented and encourage collaboration in areas where a PCC does not take on responsibility for local fire and rescue services. It is expected that each affected FRA will now carefully consider a relevant PCC's membership request should it be made.



### Provisional police funding settlement 2019-20

On 13 December 2018 the Home Office announced the provisional police funding settlement for 2019-20. PCC's will be given £7.8 billion in general government grants, which is £161 million more than the previous year. PCC's will also be given the option to raise more money to spend locally, with the council tax referendum threshold raised to £24 for a Band D property. If all PCCs ask households to contribute an extra £2 a month, this would generate around £510 million in additional funding nationally.

As announced by the Chancellor in the budget, funding for counter-terrorism policing will increase by £59 million in 2019 to 2020 to £816 million. The counter-terrorism funding total includes £24 million to boost the number of firearms officers, known as the firearms uplift, which is also part of the Police Transformation Fund.

The Home Office also provides additional funding for national programmes and priorities. In 2019/20, an extra £89 million will be provided, taking the total to £1 billion, excluding the firearms uplift. This funding will continue existing top-ups to support the National Crime Agency and Regional Organised Crime Units, provide £495 million for police technology, provide a £175 million Police Transformation Fund and provide Special Grant funding of £73 million, which police forces can bid for to help cover costs of unexpected events and major investigations. There is also £3.5 million for Police Now, a graduate recruitment and training programme. The national priorities funding also includes a £90 million investment to build capabilities to tackle serious and organised crime at national, regional and local levels which is separate from the funding for PCCs and for counter terrorism policing.

The settlement also announced £153 million specifically to help policing meet increased pensions costs next year which are estimated at around £330 million. Of this, £143 million will go directly to PCCs and £10 million to counter-terrorism police and the National Crime Agency.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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