

# Audit Progress Report

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

Year ending 31 March 2019

September 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 the early part of 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
- Substantive testing for months 1 to 9 at least and in some cases, month 11.

The final accounts audit began on 3rd June 2019. The overall process was significantly improved from the previous year with information supporting populations and samples more easily provided from the ledger.

The most significant issue we have addressed in this audit is the impact of the McCloud case on the pension estimations and contingent liabilities disclosed within the financial statements. Additional figures were obtained and we have traced these revised figures through your financial statements.

We also undertook additional work in relation to valuation estimations, following enhanced requirements being requested by the Financial Reporting Council. We have discussed and agreed additional fees in relation to these additional tests and await confirmation from PSAA prior to invoicing.

The additional work, above, resulted in a significant increase in the total audit work required in respect of the accounts submitted for audit. This was due to factors external to both the finance team and the audit. The strong working relationships in place meant we were able to recover much of the additional time incurred within the planned period. Our opinion was provided on 2<sup>nd</sup> August 2019, following the completion of all work required.

## 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 reported our findings and conclusions in the Joint Audit Findings Report and provided unqualified Value For Money Conclusions on 2<sup>nd</sup> August 2019.

## 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 collaborative project planning to support timely delivery of your opinion and the other elements of your year end audit. The effectiveness of these arrangements was demonstrated in the delivery of significantly more audit work than planned, due to external factors including McCloud and FRC requirements, with the audit opinions delivered only two days later than planned.

We also support the Members of the Joint Audit Committee and facilitated a discussion with Members in March to identify areas where support or on-going training and development was required.

### 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.

# 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	Completed
<b>Auditor's Report</b>  This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Completed – 2 <sup>nd</sup> August 2019
<b>Annual Audit Letter</b>  This letter communicates the key issues arising from our work.	September 2019	Completed

# 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

## State of Policing: The Annual Assessment of Policing in England and Wales 2018

HMICFRS have released their report to the Secretary of State under section 54(4A) of the Police Act 1996, containing the assessment of the efficiency and effectiveness of policing in England and Wales based on the inspections carried out between April 2018 and May 2019. This is the fourth complete PEEL assessment of police forces in England and Wales, and is informed by the findings from the first batch of the 2018/19 assessments, and from the 2017 assessments for the remaining 29 forces.

The report is in three parts, with an overview containing Her Majesty's Chief Inspector of Constabulary's assessment of the state of policing in England and Wales applicable to the police service as a whole, part two containing an overview of the findings from all the inspections conducted in year and part three setting out the full list of inspections and other work.

In his annual assessment of policing in England and Wales, Sir Thomas Winsor said most police forces were performing well, and praised the police for their integrity and bravery. He also called on leaders in police forces and institutions to make bold and long-term decisions to improve policing, however, and said there was continued controversy about the 43-force structure of policing in England and Wales, with a need for the police service to function as part of a single law enforcement system.

Other areas highlighted for reform included:

- consideration of new mandatory standards to prevent inefficiency and ineffectiveness in policing;
- enactment of proposed legislation to strengthen the role of the Forensic Science Regulator;
- multi-year financial settlements for the most efficient police forces, to provide them with certainty, stability and predictability; and
- longer-term investment in technology, such as body-worn video, fully-functional hand-held mobile devices, facial recognition and artificial intelligence.

The report can be accessed by [clicking here](#).

## HMICFRS police inspection programme 2019/20

The Inspection Programme has been released which sets out HMICFRS's police inspection programme and resources for the year ahead.

It covers the areas will be inspected in 2019/20 and provides further details about:

- PEEL assessments;
- national thematic inspections;
- commissions from the Home Secretary and local policing bodies;
- inspections of national agencies and non-Home Office forces;
- counter-terrorism and security related inspections; and
- joint inspections with other inspectorates.

The document can be accessed by [clicking here](#).

# Home Office

## Policing front line review

The findings from the first Front Line Review have been published by the Home Office. The Review was designed to seek feedback and learn what the front line really think about the job they do and what can improve.

Officers and staff from all 43 forces in England and Wales proactively engaged in the Review, with workshops run independently by The Office for National Statistics which involved members of the front line, including police officers, special constables, staff, police community support officers (PCSOs) and volunteers, seeking insights about their experience of:

- wellbeing
- leadership
- professional development
- change and innovation

This included their views on access to and availability of services. The review has identified opportunities to ensure the policing workforce receive the right level of support and development they need to deliver the best for the public.

The review identified the following recommendations and immediate actions that the Home Office and policing partners will take in response to the Review.

1. The Front Line Innovation Project: creation of a space for the front line to directly influence innovation and improvement.
2. Ensuring the operational system achieves the right balance between meeting demands and supporting the individual: A Ministerial challenge to Chiefs to consider essential time for core activities within working patterns that positively impact on frontline wellbeing and support.
3. Management of External Demand: A Ministerial commitment to provide good practice guidance to enable policing to manage more effectively cases that should not involve the police; commencing with better guidance on 'safe and well checks'.

4. Management of Internal Demand: A Ministerial challenge to Chiefs to identify and address unnecessary internally generated demand within their forces and with national support to tackle systemic issues from the Home Office and other partners.
5. HMICFRS activity on Police Wellbeing: HMICFRS has committed to review the way that it inspects the extent to which wellbeing is embedded within day to day policing.
6. Providing a National Evaluation Mechanism for Wellbeing Provision: A Ministerial commitment to provide the front line with a direct means to evaluate national and local progress on wellbeing working with police staff associations.

A number of separate reports have been issued which set out the findings and recommendations from the Review. These can be accessed by clicking the image below.



## Home Office

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## Police recruitment

As he entered Downing Street at the end of July 2019, the new Prime Minister announced that the recruitment of 20,000 new police officers will start in September with the launch of a national campaign, led by the Home Office. The Prime Minister has said he wants recruitment completed over the next three years.

To support this aim, a new national policing board has created, with the first meeting held 31 July 2019. Chaired by the Home Secretary and bringing together key police leaders, it will hold the police to account for meeting the recruitment target and will aim to drive a national response to issues. At the first meeting of the board, the Prime Minister confirmed a target of recruiting 6,000 officers in the first year.

## Police recruitment

The Home Secretary has announced that the Stop and Search pilot has been extended to all 43 Forces in the UK. Designed to make it simpler for all forces in England and Wales to use Section 60 of the Criminal Justice and Public Order Act, which empowers officers to stop and search anyone in a designated area without needing reasonable grounds for suspicion if serious violence is anticipated, the rollout will see the Home Secretary lift all conditions in the voluntary Best Use of Stop and Search Scheme over the use of Section 60.

## Funding for Violence Reduction Units announced

Eighteen PCCs have been awarded £35 million to set up specialist teams to tackle violent crime in their area. The Violence Reduction Units will bring together different organisations, including the police, local government, health, community leaders and other key partners to tackle violent crime by understanding its root causes. The new units will be responsible for identifying what is driving violent crime in the area and coming up with a co-ordinated response.

The funding is being awarded after PCCs in the 18 areas worst affected by serious violence secured their provisional allocation through successful bids. Each unit will be tasked with delivering both short and long-term strategies to tackle violent crime, involving police, healthcare workers, community leaders and others.

Details of the funding awarded, including the other monies awarded as part of the original surge allocation made in April 2019 and the additional surge allocation in May 2019 can be found by [clicking here](#).

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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