



**Police and Crime Commissioner for West
Midlands Police**

Chief Constable for West Midlands Police

External Audit Key Performance Indicators

2018/19 Outcomes

Theme	Key performance indicator	Self-assessment
Quality and tailoring	<ul style="list-style-type: none"> • Work completed in line with International Standards on Auditing (ISA) (UK and Ireland), Ethical Standards and any relevant guidance issued by regulators. • Audit plan reflects and addresses the clients' key risks in relation to the financial statements. 	<ul style="list-style-type: none"> • The external audit work completed in 2018/19 complies with all applicable standards and guidance issued by regulators. This includes increased regulatory requirements arising from the Financial Reporting Council (FRC) in respect of property, plant and equipment valuations and pensions valuations. Grant Thornton's approach and documentation standards are regularly scrutinised. • The audit plan issued in March 2019 clearly set out the risks identified from our 2018/19 planning, considering all areas of the accounts and VFM arrangements work. It also set out clearly how our detailed audit work would address these risks.
Staffing and inputs	<ul style="list-style-type: none"> • The fee is in line with that proposed in the audit fee letter unless there are clear reasons for an additional fee which have been agreed with management and Audit Committee. • Experienced and knowledgeable audit staff are used on the audit and show an understanding of the clients' issues and priorities. 	<ul style="list-style-type: none"> • The fee is in line with that proposed in the audit fee letter, updated for the additional work undertaken in respect of FRC regulatory requirements for pensions and PPE and for the additional work required in respect of the McCloud judgement. We communicated this additional work to you in previous meetings and in the AFR. The increased level of assurance requested by the Financial Reporting Council required greater scrutiny of significant estimations on PPE valuation and pension liabilities. Further, the outcome of the McCloud case required revised actuary figures to be processed through your financial statements, and re-audited. • Additional work has been agreed with Management and we determined and reported the fee to be charged. This will now be agreed with PSAA prior to invoicing. • There has been no change to the Engagement Lead and Senior Manager. This continuity of the management team has now been in place for 4 years. The previous Team Leader has been promoted into a higher role but retained an input into the audit to ensure continuity whilst the new and experienced Team Leader developed his knowledge of your business. We have ensured continuity within the team down to Associates assigned to the audit to provide better understanding of your systems and stronger relationships with your finance team. • The Engagement Lead for the audit is the firm's Head of Police. • The Senior Manager is highly experienced in auditing public sector clients, knows the local area and continues to bring strong links with West Midlands Fire and Rescue, which aligns with the blue-light collaboration national agenda.

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Milestones and timing	<p>All statutory deadlines have been met (e.g. for submission of the audited accounts, Annual Report and WGA).</p> <ul style="list-style-type: none"> • Work is completed within timescales agreed with management. • Regular meetings held with management, Chief Constable, PCC and Audit Committee. 	<ul style="list-style-type: none"> • The team has demonstrated their detailed understanding of the clients and their issues during the conduct of the audit and their engagement with key officers. This includes direct and regular meetings with the Engagement Lead and Manager, with the Chief Finance Officers, Chief Executive, Chief Constable, PCC and Head of Internal Audit. • There is no statutory deadline for the delivery of the audit opinion. The planned date for delivery was 31 July. This date was agreed before the significant additional work required in respect of FRC requirements for pensions and PPE arose, and before the impact of the McCloud judgement on the accounts arose. These areas generated significant volumes of additional work, and resulted in material restatements of the accounts, which subsequently required re-auditing. Notwithstanding this significant additional requirement, we worked constructively with your finance team and were able to recover much of the additional time requirement within the existing period. The opinions were delivered on 2 August 2019, only 2 days later than initially planned before the increase in audit requirement was known. As context, due to the additional work requested by the Financial Reporting Council, nationally, only 60% of Local Government bodies from all audit providers received their opinion by 31 July. • The assurance statement for the Whole of Government Accounts submission was not met due to a knock on from the delayed audit opinion. • Every audit committee was attended by at least one, and often more than one, member of the senior management team (Engagement Lead, Senior Manager). There were no meetings where the firm did not ensure the attendance of core team members. • Regular meetings have been held with key PCC and Force management during the year, and discussions were not just restricted to matters impacting on the accounts and VfM audit bringing our wider insight from the sector. Additional meetings were held with Joint Audit Committee members as part of our planning and on-going assessment of risks. • External audit attended private meetings with the Joint Audit Committee chair throughout the year. We also provided relevant publications which we provide to the Sector and facilitated a discussion session to support the wider insight of the Committee Members. • The Engagement Lead and Senior Manager met the PCC and Chief Constable at key stages of the audit

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Reporting	<ul style="list-style-type: none"> • Requests for technical views on accounting transactions are addressed promptly and effectively. • Issues requiring further action by the client are communicated promptly and at the right level. • Regular liaison with internal audit so the clients' risks are addressed and work programmes complement each other. • Matters arising from work are reported promptly and accurately with clear and practical recommendations for improvement. • Reports are agreed with management on a sufficiently timely basis to meet the deadlines for Joint Audit Committee papers. 	<p>(planning and reporting), and regularly meet with the Force CFO and the OPCC Chief Executive and CFO.</p> <ul style="list-style-type: none"> • We provided prompt responses to requests for specific technical views during the year and we continue to make ourselves available to support these types of query where needed and where information is provided by Management. • Regular meetings were held with the Force CFO and Deputy and members of his team during the audit process to ensure issues could be considered and cleared as required. We have held additional meetings over the past 18 months with both CFOs jointly, in addition to our usual liaison meetings. This has been done at no additional cost. • These meetings included communication of actions to continually enhance the financial closedown process, in support of faster close, and communication of any potential 'show stopper' issues early in the process or as soon as identified by the team. This was also reported to Those Charged with Governance and the Joint Audit Committee. • We held regular discussions during the year with members of staff from Internal Audit to ensure we gained a clear understanding of any risks identified by Internal Audit from the work performed. • Our Audit Findings Report (AFR) contains the findings from our work and agreed recommendations for improvement. • Recommendations arising from our VFM work were clear and agreed. • We reported a follow up of recommendations made in the prior audit year for both financial opinion and value for money work to the March 2019 Joint Audit Committee to ensure early sight of recommendations which had not sufficiently progressed. • The Audit Plan was issued in line with the agreed timescales following agreement with Management. Our audit progress update reports have also been issued throughout the year in accordance with management requirements and agreed timescales for audit committee submission. These include a specific section providing information relevant to the sector. • Meetings were held with Management to discuss preliminary findings for our VFM work and then to discuss the Audit Findings Report prior to it being issued.

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Wider sector issues	<ul style="list-style-type: none"> • Draw management and Audit Committee's attention to developments and reports which are of interest and relevant to the client. • Identify and share good practice from other organisations which are relevant to the client. 	<ul style="list-style-type: none"> • The AFR was issued in draft to the July Joint Audit Committee meeting in sufficient time to allow members to undertake sufficient scrutiny of this in advance of the meeting, and to enable timely reporting to the PCC and Chief Constable. This was finalised following the completion of the work undertaken to the 2nd August sign off and is brought back to the September meeting for completeness. • We issued several Joint Audit Committee Updates during the year, which provide wider sector insights and information including details of the reports prepared and issued by Grant Thornton and other bodies which are relevant to the client. • We have shared good practice from other clients where applicable, and shared examples of arrangements elsewhere, for example in governance, internal audit and management of risk. • We made available significant thought leadership and insight reports on the police and related sectors and shared these with the client and members.