

Audit Progress Report and Sector Update

West Midlands Police and Crime Commissioner and Chief Constable

Year ending 31 March 2021

March 2022



Contents

Section	Page
Key Grant Thornton Team Members	03
Introduction and Headlines	04
Progress at March 2022	05
2020/21 & 2021/22 Deliverables	07
Indicative Plan	08
Financial Reporting Council annual report	09
Sector Update	11

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 planning 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 the entity or all 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.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Introduction

Your key Grant Thornton team members are:

Iain G Murray

Director

T 020 7728 3328

E iain.g.murray@uk.gt.com

Zoe Thomas

Engagement Manager

T 0121 232 5277

E zoe.thomas@uk.gt.com

Josh Williams

In Charge Auditor

T 0121 232 5422

E josh.d.williams@uk.gt.com

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 emerging national issues and developments that may be relevant to you as a police body; and
- includes a number of challenge 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 <https://www.grantthornton.co.uk/en/services/public-sector-services/>

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.

Introduction & headlines

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

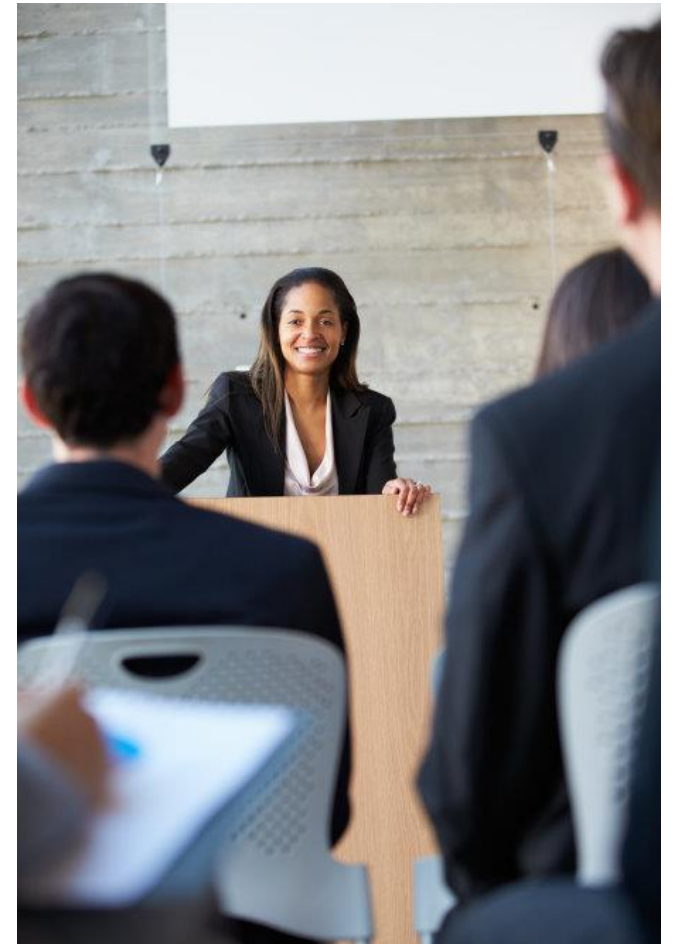
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

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.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the police sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.



Progress at March 2022

Financial Statements Audit

We are undertaking our initial planning for the 2021/22 audit in March 2022. We expect to begin our work on your draft financial statements in July.

Our interim fieldwork includes:

- Updated review of the Authority's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Understanding how the Authority makes material estimates for the financial statements
- Early work on emerging accounting issues

In April we plan to issue a detailed audit plan, setting out our proposed approach to the audit of the 2021/22 financial statements.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by 30 November 2022.

The Accounts and Audit (Amendment) Regulations 2021 push back the date by which principal authorities need to publish their draft financial statements to the first working day of August. The Department for Levelling Up, Communities and Housing (DLUHC) states that they intend, subject to consultation, to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts.

Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor's Annual Report in January 2023.

Progress at March 2022 (cont.)

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2021/22 is the fourth year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in the period 2018/19 to 2021/22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the “few improvements needed” (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Joint Audit Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Deliverables

2020/21 Deliverables	Planned Date	Status
Audit Findings (ISA260) Report The Audit Findings Report will be reported to the Joint Independent Audit Committee.	September 2021	Issued
Auditor's Report This is the opinion on your financial statements and annual governance statement.	September 2021	Issued 9 December 2021
Auditor's Annual Report The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR).	December 2021	At draft report stage
2021/22 Deliverables	Planned Date	Status
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Joint Independent Audit Committee setting out our proposed approach in order to give an opinion on the 2020/21 financial statements.	April 2021	In progress
Audit Findings (ISA260) Report The Audit Findings Report will be reported to the Joint Independent Audit Committee.	November 2022	Not yet due
Auditor's Report This is the opinion on your financial statements and annual governance statement.	November 2022	Not yet due
Auditor's Annual Report The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR).	January 2023	Not yet due

Audit of Financial Statements

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We determine financial statement materiality for each of the group, the PCC and the chief Constable for the financial year. For our testing purposes we apply the lowest of these materialities, being that of the PCC. The materiality for the year ended 31 March 2022 for the PCC is expected to be as below:

	Amount (£'000)
Materiality for the financial statements (group)	10,275
Performance materiality (group)	7,706
Trivial matters	514

Significant risks

We have not yet finalised our planning work but below sets out the anticipated significant risks that we expect will feature in our final Audit Plan.

Significant risks

ISA (UK) 240 includes two presumed risks as follows:

- Revenue recognition may be misstated due to the improper recognition of revenue. We have taken into consideration the characteristics of various income streams and have concluded that we will be rebutting this risk.
- The risk of management over-ride of controls is present in all entities and is considered a non-rebuttable presumed risk. The authority faces external pressures to meet agreed targets, and this could potentially place management under undue pressure in terms of how they report performance.
- Valuation of property, plant and equipment should be performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Additionally, the valuation is a significant estimate made by management in the accounts. We have identified the valuation of land and buildings revaluations and impairments as a risk of special audit consideration.
- Valuation of the pension fund net liability; the group's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key numbers. We have identified the valuation of the pension fund net liability as a risk of special audit consideration.

In addition:

- The expenditure cycle includes fraudulent transactions; Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states: "As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition". We have considered the expenditure streams and have concluded that this is not a significant risk.

We will confirm the above when we finalise our risk assessment and issue our Audit Plan in April.

Financial Reporting Council annual report

On 29 October, the Financial Reporting Council (FRC) published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here:

[FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our "Opinion" results over the past three years are shown in the table below:

Grade	Number 2020/21	Number 2019/20	Number 2018/19
Good with limited improvements (Grade 1 or 2)	6	1	1
Improvements required (Grade 3)	3	5	2
Significant improvements required (Grade 4)	0	0	1
Total	9	6	4

Our "VFM" results over the past two years are shown in the table below. The FRC did not review VFM in 2018/19:

Grade	Number 2020/21	Number 2019/20
Good with limited improvements (Grade 1 or 2)	6	6
Improvements required (Grade 3)	0	0
Significant improvements required (Grade 4)	0	0
Total	6	6

Financial Reporting Council annual report (cont.)

Quality Assurance Department (QAD) Reviews

In addition to the reviews undertaken by the FRC on major local audits, the QAD team from the ICAEW undertake annual reviews of non-major local audits as well as reviews of Foundation Trusts on behalf of NHSE&I.

The QAD reviewed five of our audits this year and graded all of them (100%) as 'Satisfactory / generally acceptable' for both the financial statements and VFM elements of the audit, which is the highest grading.

Grade	Number 2020/21	Number 2019/20	Number 2018/19
Satisfactory / generally acceptable	5	6	2
Improvement required	0	1	0
Significant improvement required	0	0	0
Total	5	7	2

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID-19, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Local government, in particular, have been at the forefront of supporting local communities and businesses.

As auditors we have had to recognise the competing priorities and challenges facing the finance teams and the whole local government sector whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

Local audit plays a critical role in the way public sector audits and society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

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:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A dark purple rectangular button with the text "Police" in white, sans-serif font, centered within the button.

Police

HMICFRS's proposed 2021/22 policing inspection programme and framework

HMICFRS published the policing inspection programme and framework for 2021/22 in July 2021.

This can be found at the following link - [Policing inspection programme and framework 2021/22](#)

The document, which has been laid before parliament, sets out HMICFRS's programme of policing inspections for this financial year. It also details those inspections already taking place.

Pandemic has intensified vulnerability and increased demand on police

In his annual assessment of policing in England and Wales, Sir Thomas Winsor described how crime patterns have changed over the last year, with more crime committed online. He said there is a case for greater sanctions in the Online Safety Bill to protect vulnerable people online.

The Chief Inspector said the pandemic had also increased vulnerability in other ways, such as the lockdown leading to more calls for help from those suffering from domestic abuse.

In his 2020 report, Sir Thomas Winsor said some public services, including mental health, keep on failing. Unless the health and social care system is fixed and people can get the support they need, more people will continue to be vulnerable and enter the criminal justice system unnecessarily, he said.

The Chief Inspector recognised that the chronic backlog in court cases has increased as a result of the pandemic, but he questioned why waiting times have become inexcusably long when the number of cases going into the system is at the lowest level for decades.

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

Progress against recommendations issued in 2018/19

HMICFRS has published police forces' progress against recommendations for the first time. The recommendations included in this first release are from the 2018/19 Integrated PEEL Assessment inspection reports.

The status of recommendations shown is a snapshot as at 19 October 2021.

This will be updated in batches throughout the year.

Progress can be found [here](#).

Summary of consultation responses: Policing inspection programme and framework 2021/22

HMICFRS have published the summary of consultation responses to the policing inspection programme and framework 2021/22.

The responses can be found [here](#).

Home Office

Government nearly half-way to recruiting 20,000 more officers

The government is nearly half-way to delivering on its pledge to put 20,000 additional officers on the streets by 2023, figures released in July 2021 show.

An extra 9,814 police officers have been recruited across all 43 police forces in England and Wales, where they are already having an impact in tackling crime and keeping communities safe.

The latest figures follow the launch of the government's Beating Crime Plan, aimed at reducing crime, protecting victims and making the country safer.

The plan includes ensuring each neighbourhood has named, contactable police officers, who know their area and are best placed to ensure that persistent crime and anti-social behaviour is tackled - a pledge made more possible by the increase in police numbers.

The full article can be accessed [here](#).



Home Office

Police and local authorities given extra £23.5 million for safer streets

Police forces and local authorities across England and Wales, are to receive a share of £23.5 million to make public spaces safer for all through projects to help women and girls feel safer on our streets as part of the government's Safer Streets Fund.

Created with the objective of tackling local acquisitive crimes like car theft and burglary, the latest round of the Safer Streets Fund has a particular emphasis on the safety of women and girls. The investment will go to police forces and local authorities across England and Wales as well as the British Transport Police to spend in the 2021 to 2022 financial year.

Crimes which take place in public places such as sexual harassment disproportionately affect women. Recipients of funding have submitted bids for innovative plans to increase the safety of public spaces, including projects which emphasise changing attitudes and behaviours in local communities.

Since its inception, the government has committed £70 million to the Safer Streets Fund to support local areas across England and Wales to introduce initiatives aimed at stopping offences happening in the first place.

Round two saw 50 projects across England and Wales awarded a total of £18.4 million to go towards measures proven to cut crime, including simple changes to the design of streets such as locked gates around alleyways, increased street lighting and the installation of CCTV.

The full article can be found [here](#).



Home Office

Home Office

Over 11,000 police hired with more women than ever before

The Home Office have confirmed that more than half of the promised 20,000 additional police officers have now been recruited, with an increasing number of women signing up to join forces across England and Wales.

An extra 11,053 officers have been hired across England and Wales as part of the Police Uplift Programme to help bring crime down and keep neighbourhoods safer, meaning that the government is now 55% of the way to meeting its recruitment target of 20,000 additional officers by March 2023.

Forces saw more women joining the ranks to tackle criminals and protect the public from harm between July and September 2021 – with female officers accounting for 45% (1,451) of all new joiners during that time. And over the last year eight forces – Derbyshire, Lancashire, Greater Manchester, Staffordshire, Sussex, Thames Valley, Kent and Suffolk – have hired more women than men. This means more officers on the streets bringing down drugs gangs, bearing down on violent crime and tackling anti-social behaviour.

There are also more Black, Asian and minority ethnic officers employed across forces than at any other time in the country's history, now making up 7.9% (10,690) of all officers.

The full article can be found [here](#).



Home Office

Home Office

Policing to receive up to £1.1 billion extra to cut crime

Policing will receive a funding boost of up to £1.1 billion next year to drive down crime and deliver safer streets for all the Home Secretary confirmed.

The 2022/23 funding package represents a 7% cash increase on last year and means policing will receive up to £16.9 billion in total in 2022/23.

The boost in resources will help support the delivery of the Beating Crime Plan, which set out the government's mission to deliver fewer victims, safer neighbourhoods, and a more secure country. In particular, the plan focuses on driving down homicide, serious violence and neighbourhood crime – to ensure that everyone can benefit from the security that a safe home, street and country provides.

- The additional funding will allow police forces to continue the work already being done to target criminals, which has seen:
- a 14% fall in overall crime (excluding fraud and computer misuse) between June 2019 and June 2021
- 11,053 additional officers hired across England and Wales – 55% of the target of 20,000 extra police officers by March 2023
- over 1,500 county lines closed, over 7,400 arrests, £4.3m in drugs seized and more than 4,000 vulnerable people safeguarded, thanks to our investment in shutting down county lines since 2019.
- almost 16,000 knives and other dangerous weapons removed from the streets last year thanks to police use of stop and search powers.
- 300,000 at risk young people reached through Violence Reduction Units, set up across the country thanks to £105.5m in funding. This forms part of the £242m we've invested since 2019 to zone in on serious violence and homicide hotspots.
- Within the total package, forces will also be given £550 million more from government grants, including funding for hiring the 20,000 extra officers promised by the government by the end of March 2023. The successful recruitment campaign has already seen more than 11,000 additional police officers join up and make a difference in communities across England and Wales.

The full article can be found [here](#).



Home Office

Annual Transparency Report – Grant Thornton

As auditors of several listed entities as well as nearly one hundred major local audits, we are required as a firm to publish an annual transparency report.

The report contains a variety of information which we believe is helpful to audit committees as well as wider stakeholders. The Financial Reporting Council (FRC) in their thematic review of transparency reporting noted that they are keen to see more Audit Committee Chairs actively engaging and challenging their auditors on audit quality based on the information produced in Transparency reports on a regular basis. We agree with the FRC and are keen to share our transparency report and discuss audit quality with you more widely.

The transparency report provides details of our:

- Leadership and governance structures
- Principle risks and Key Performance Indicators
- Quality, risk management and internal control structure
- Independence and ethics processes
- People and culture
- Compliance with the Audit Firm Governance code and EU Audit directive requirements

We have made significant developments in the year as part of our Local Audit Investment Plan to improve our audit quality. We welcome an opportunity to discuss these developments and our transparency report should you wish.



The full report is available here:

[Transparency report 2020 \[grantthornton.co.uk\]](https://www.grantthornton.co.uk/transparency-report-2020)

Public Accounts Committee (PAC) – Local auditor reporting on local government in England & government response

The PAC inquiry examined the timeliness of auditor reporting on English local public bodies' financial statements covering 2019-20. The National Audit Office (NAO) report, on which this inquiry is based, found that “delays in the delivery of audit opinions beyond the deadlines for publishing local authority accounts, alongside concerns about audit quality and doubts over audit firms' willingness to continue to audit local public bodies, highlight that the situation needs urgent attention.”

The PAC report found “Without urgent action from government, the audit system for local authorities in England may soon reach breaking point. With approximately £100 billion of local government spending requiring audit each year, the Ministry of Housing, Communities & Local Government (the Department) has become increasingly complacent in its oversight of a local audit market now entirely reliant upon only eight firms, two of which are responsible for up to 70% of local authority audits. This has not been helped by the growing complexity of local authority accounts, with audit firms now asked to carry out more work in each audit, comply with new regulatory demands and adapt to the new multifaceted landscape in which local authorities operate, while also struggling to hire and retain experienced auditors.”

Key conclusions were:

- The marked decline in the timeliness of external audit undermines accountability and hampers effective decision-making.
- There is a pressing risk of market collapse due to an over reliance on a small number of audit firms and significant barriers to entry.
- The commercial attractiveness to audit firms of auditing local authorities has declined.

- The rapidly diminishing pool of suitably qualified and experienced staff increases the risks to the timely completion of quality audits.
- We are not convinced that the recently announced new local audit arrangements will meet the pressing need for effective system leadership now.
- Unless local authority accounts are useful, relevant and understandable they will not aid accountability.

The report made recommendations in each of these areas. The government response was published on 28 October.

The PAC report and response can be found here:

[Timeliness of local auditor reporting on local government in England - Committees - UK Parliament](#)



House of Commons
Committee of Public Accounts

**Local auditor reporting
on local government in
England**

Eleventh Report of Session 2021–22

2020/21 audited accounts – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) has reported that only 9% of local government audits for 2020/21 were completed by the end of September. This is a sharp contraction on the 45% filed on time for 2019-20, and is the third successive year where the number of accounts produced on schedule has reduced.

PSAA state “The challenges posed by COVID-19 have contributed to the current position. However, a range of further pressures documented in the Redmond Report are also continuing to impact performance. In particular there is a shortage of auditors with the knowledge and experience to deliver the required higher quality audits of statements of accounts, which increasingly reflect complex structures and transactions, within the timeframe expected. The growing backlog of audits is also a concern, with 70 of the 2019/20 audits still incomplete.”

Grant Thornton commented “Audit quality remains a priority for our firm and we continue to work hard with local audit stakeholders to ensure the delivery of high quality audits in as timely a fashion as is practicable. Unfortunately, much of this work will be delivered past the 30 September target date, owing to ongoing constraints posed by the COVID-19 pandemic and the backlog this has caused. We remain committed to public sector audit and are now focused on delivering the majority of our local audits by December 2021.”



The news article can be found here:

<https://www.psa.co.uk/2021/10/news-release-2020-21-audited-accounts-psaa/>

2023-24 audit appointments – Public Sector

Audit Appointments

Following a consultation exercise Public Sector Audit Appointments (PSAA) has invited all principal local government including police and fire bodies to become opted-in authorities. At the same time it published its procurement strategy and prospectus for the national scheme from April 2023. Both documents have evolved in response to the feedback provided by the market engagement exercise and consultation on the draft prospectus undertaken during June 2021.

PSAA state “Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

The objectives of the procurement are to maximise value for local public bodies by:

- securing the delivery of independent audit services of the required quality;
- awarding long term contracts to a sufficient number of firms to enable the deployment of an appropriately qualified auditing team to every participating body;
- encouraging existing suppliers to remain active participants in local audit and creating opportunities for new suppliers to enter the market;
- encouraging audit suppliers to submit prices which are realistic in the context of the current market;
- enabling auditor appointments which facilitate the efficient use of audit resources;
- supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery; and

- establishing arrangements that are able to evolve in response to changes to the local audit framework.

PSAA set out the proposed timeline, which anticipates contracts being awarded in August 2022.



The news article can be found here:

<https://www.psa.co.uk/2021/09/psaa-publishes-its-prospectus-and-procurement-strategy-and-invites-eligible-bodies-to-opt-in-from-april-2023/>

The procurement strategy can be found here:

<https://www.psa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/procurement-strategy/>

Guide to support Value for Money (VfM) analysis for public managers – CIPFA

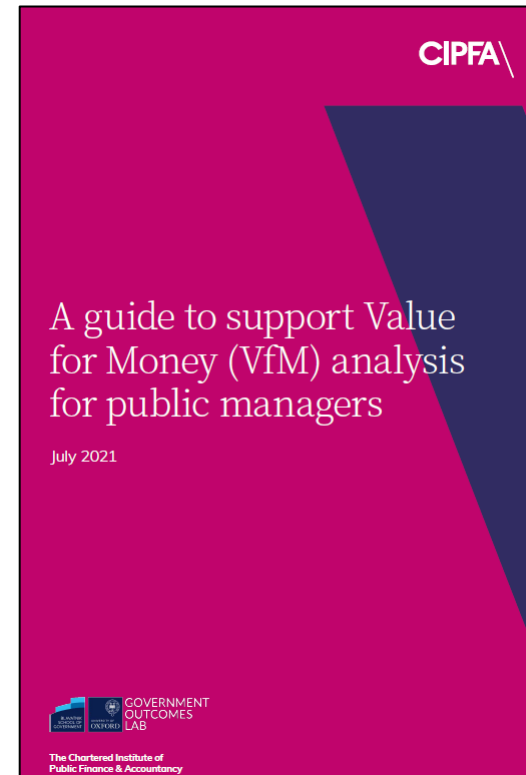
The Chartered Institute of Public Finance and Accountancy (CIPFA) has published this guide which complements a VfM toolkit which has been published separately. Both were developed under a collaborative project between Government Outcomes Lab (GO Lab) and CIPFA.

CIPFA state “The guide is aimed at public managers planning to assess Value for Money (VfM) of outcomes-based contract (OBC) programmes, or any other type of programme with an outcome-focus, using prospective information. This involves assessing economic validity of the programme with respect to ‘doing nothing’ as well as the closest comparator.”

CIPFA explain that the guide:

- Describes what VfM represents in public provision of social services with a special focus on outcome-based contracts (OBCs). In particular the guide emphasises the link between economy and effectiveness criteria.
- Promotes thinking about longer-term effects of interventions, such as outcomes and impact, at the design/ planning stage of programmes. This means that having a good appreciation for efficiency is helpful but not necessary, especially when outcomes are both identifiable and measurable.
- Explain how it could be used to appraise public programmes with respect to anticipated costs and value of them using prospective information.

The guide is available to CIPFA members through the website.



Cyber and information security: Good practice guide – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees scrutinise cyber security arrangements. To aid them, this guidance complements government advice by setting out high-level questions and issues for audit committees to consider.

The NAO state “Audit committees should gain the appropriate assurance for the critical management and control of cyber security and information risk.

Cyber security is the activity required to protect an organisation’s data, devices, networks and software from unintended or unauthorised access, change or destruction via the internet or other communications systems or technologies. Effective cyber security relies on people and management of processes as well as technical controls.

Our guide supports audit committees to work through this complexity, being able to understand and question the management of cyber security and information risk.

It takes into account several changes which affect the way in which we interact with and manage our information and can drive increased risk. These include changes to the way we work and live due to the COVID-19 pandemic and the ongoing demand to digitise and move to cloud-based services.

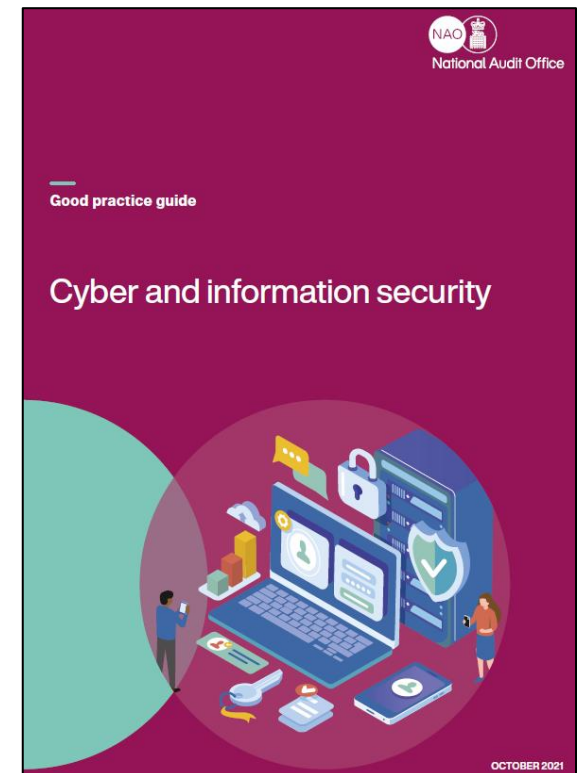
The strategic advice, guidance and support provided by government has also been updated to keep pace with these changes, detailing the impact and risks on the management of cyber security and information risk.

The guide provides a checklist of questions and issues covering:

- The overall approach to cyber security and risk management
- Capability needed to manage cyber security
- Specific aspects, such as information risk management, engagement and training, asset management, architecture and configuration, vulnerability management, identity and access management, data security, logging and monitoring and incident management.”

The report can be found here:

<https://www.nao.org.uk/report/cyber-security-and-information-risk-guidance/>





© 2021 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.