

# West Midlands Police Audit Progress Report and Sector Update

**Year ending 31 March 2023**

June 2023



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# Introduction & headlines

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

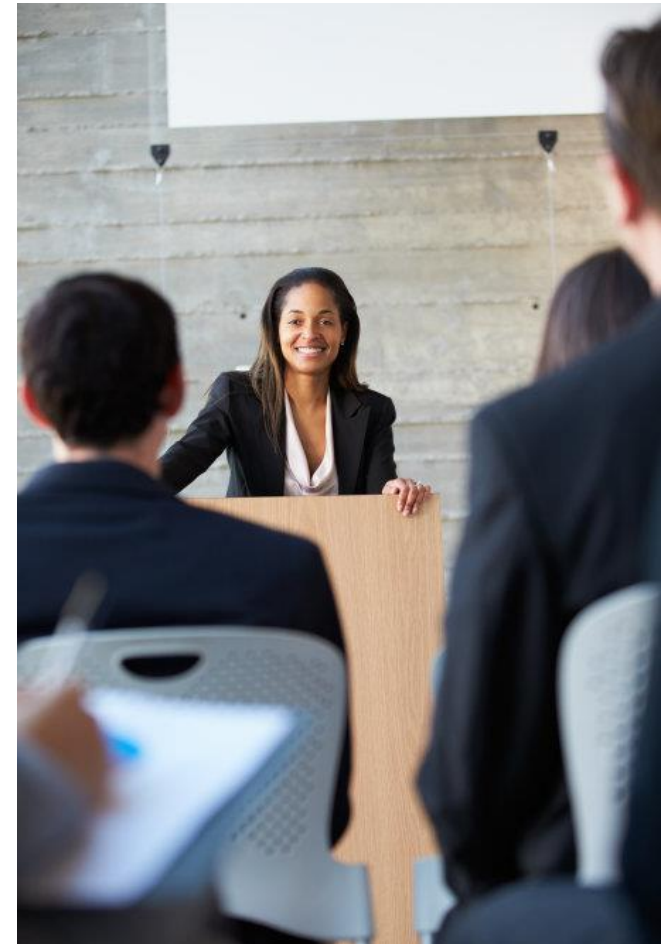
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

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.



# The auditor's statutory responsibilities

## Opinion on the audited body's financial statements

Our work enables us to give an opinion as to whether the financial statements:

- give a true and fair view of the financial position of the audited body and its expenditure and income; and
- have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards and other directions.

Our planning will document our understanding of your key risks, your control environment and inform our testing strategy. This will continue until we begin our final accounts testing.

Since we last reported we have:

- continued to have regular discussions with management discussing issues identified in previous audits, and emerging themes which are expected to impact on the current audits;
- reviewed meeting papers and the latest financial and operational performance reports ensuring we understand your current challenges;
- Completed the 2021/22 value for money work and the final report is presented to the June Audit committee.

The joint audit plan summarising our approach to key risks on the audit was published within the March committee's papers. There are no further matters arising since that report.

We are currently planning to start the opinion audit on considering the timing of the final audit and will agree dates with management. We anticipate starting the audit work at the beginning of July. Commitments to our NHS work has unfortunately meant that this has slipped from our original start date of mid-June. We still plan to complete our work during the summer with the opinion to be issued in the Autumn 2023. We will be unable to issue the opinion on the accounts until we have received the necessary assurances from the pension fund auditor, however we are not currently anticipating that there will be significant delays in their work.

## Work on value-for-money arrangements

Under the 2020 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Police and Crime Commissioner and Chief Constable "has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources."

Our 2021/22 VFM report did not identify any significant weakness although there are some improvement recommendations.

We will complete our initial risk assessment on the 2022/23 and provide an update to the next Joint Audit Committee within the usual progress report.

Our risk assessment is against the following reporting criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you. Our final commentary in the Auditors' Annual Report will include:

- a summary of our findings on any risks identified during our work;
- our judgements on the adequacy of the Police and Crime Commissioner and Chief Constable's arrangements for each of the three reporting criteria, as set out above;
- any recommendations made to management as a result of our work; and
- a follow up of progress against any recommendations raised in previous audits.

# The auditor's statutory responsibilities

## Other responsibilities

We are required to give an opinion on whether:

- other information published together with the financial statements is consistent with the financial statements.

We are also required to:

- consider whether the Annual Governance Statement complies with relevant disclosure requirements and whether it is consistent with the information we are aware of from our audit; and
- examine and report on the consistency of 'Whole of Government Accounts' consolidation schedules with the financial statements.

We will complete this work as part of our financial statements visit.

## Other statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audits.

Our work to date has not required us to report any such matters to you.

## Added value

Grant Thornton has a large Public Sector practice and is a key supplier to the market. As a valued audit client, you will receive:

- the opportunity to access support from experienced technical colleagues. This means you will be at the forefront of accounting developments. Through this relationship we also ensure that communication works both ways and feed issues back from our clients.;
- insight from our regular meetings within the sector where we discuss emerging developments. We will also raise any areas of concern that you have over policy, procedure, or regulation with your regulators; and
- technical and sector updates for the Joint Audit Committee.



# Progress at June 2023

## Financial Statements Audit

We undertook our initial planning for the 2022/23 audit in January 2023, and interim audit in February and March. We expect to begin our work on your draft financial statements in late June.

Our interim fieldwork includes:

- Updated review of the Police and Crime Commissioner and Chief Constable's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Understanding how the Police and Crime Commissioner and Chief Constable make material estimates for the financial statements
- Early work on emerging accounting issues

We have prepared a detailed audit plan, setting out our proposed approach to the audit of the 2022/23 financial statements which went to the last audit committee

We received the draft accounts on the 31 May, in line with national requirements and expect our work to start on 3 July 2023.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by the end of September, if we receive appropriate assurances from the LG Pension fund auditor by that date.

## 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 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 early 2024.

# Progress at June 2023(cont.)

## Other areas

### Meetings

We met with Finance Officers in April 2023 as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

### Events

We provide a range of workshops, along with network events for members and publications to support the Police and Crime Commissioner and Chief Constable. Your officers attended our Accounts Workshop in February 2023, where we highlighted financial reporting requirements for the 2022/23 accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Police and Crime Commissioner, Chief Constable and JIGRAC members are set out in our Sector Update section of this report.

## 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 and Police sectors 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 public sector financial transactions and financial reporting. This combined with the FRC requirement that all Local Government and Police 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 Chief Finance Officer(s) including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Joint Independent Governance, Risk and Audit Committee, Police and Crime Commissioner and Chief Constable.

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

# 2021/22 deliverables

2021/22 Deliverables	Planned Date	Status
<p><b>Accounts Joint Audit Plan</b></p> <p>We are required to issue a detailed accounts joint audit plan to the Joint Audit Committee setting out our proposed approach in order to give our opinions on the 2021-22 financial statements.</p>	June 2022	Complete
<p><b>Joint Audit Findings (ISA260) Report</b></p> <p>The Joint Audit Findings Report will be reported to the November Audit Committee.</p>	November 2022	Complete
<p><b>Auditors Reports</b></p> <p>These are the opinions on your financial statements and annual governance statement.</p>	November 2022	Complete
<p><b>Auditor's Annual Report</b></p> <p>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). A draft of the AAR will be taken to the June Joint Audit Committee.</p>	February 2023	Finalised May 2023 – presented to June Audit Committee



# 2022/23 deliverables

2022/23 Deliverables	Planned Date	Status
<p><b>Accounts Joint Audit Plan</b></p> <p>We are required to issue a detailed accounts joint audit plan to the Audit Committee setting out our proposed approach in order to give our opinions on the 2022/23 financial statements.</p>	March 2023	Complete
<p><b>Joint Audit Findings (ISA260) Report</b></p> <p>The Joint Audit Findings Report will be reported to the September Audit Committee (draft).</p>	September 2023	Not due yet
<p><b>Auditors Reports</b></p> <p>These are the opinions on your financial statements and annual governance statements.</p>	September 2023	Not due yet
<p><b>Auditor's Annual Report</b></p> <p>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). A draft of the AAR will be taken to the September Audit Committee.</p>	January 2024	Not due yet

# 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

# Home Office



Home Office

## New inspectors of police and fire service appointed

Home Secretary Suella Braverman has announced the appointments of Lee Freeman KPM and Michelle Skeer QPM as new inspectors of police and fire and rescue services. They will both take up the dual roles of His Majesty's Inspector of Constabulary in England and Wales and Inspector of Fire and Rescue in England.

Since May 2017, Mr Freeman has been Chief Constable of Humberside Police. In January 2019, he was asked to support Cleveland Police as interim Chief Constable during a period of crisis. He also served as a police officer at Lincolnshire Police between February 2010 and April 2015, reaching the rank of Assistant Chief Constable. Mr Freeman was awarded the King's Police Medal in 2023.

Since March 2018, Mrs Skeer has been Chief Constable of Cumbria Constabulary, having joined the force in 1990. She performed a variety of operational roles before moving to the criminal investigation department where she held roles at every rank and led on both public protection and serious crime operations. Mrs Skeer was awarded the Queen's Police Medal in 2017.

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

# Home Office



Home Office

## Number of police officers protecting our streets at record high

There are more police officers in England and Wales than ever before, new figures published by the government confirm.

The government has delivered on its 2019 manifesto commitment to recruit 20,000 additional police officers by March 2023. This brings the total number to nearly 150,000 officers, more than 3,500 higher than the previous peak in 2010.

Police forces are now more representative of the diverse communities they serve, with over 53,000 female officers (35.5%) and over 12,000 (8.3%) from an ethnic minority background – both also at record highs. Whilst there is more progress to be made, thanks to the Police Uplift Programme there has been a 43% increase in the number of ethnic minority officers in England and Wales since the start of the recruitment drive.

This landmark recruitment drive is a core part of this government's commitment to drive down crime. Progress is being made, with crime falling in England and Wales by 50% since 2010, excluding fraud and computer misuse. Since March 2020 theft has reduced by 20%, homicides and knife crime by 8% and domestic burglary by 30%.

But the government also recognises that more must more progress must be made. The Home Office recently announced changes to crime recording, reducing paperwork burdens that the NPCC estimate could free up a potential 443,000 hours of police time a year. The Home Office are also working with partners to make sure police only attend mental health incidents they need to, such as where there is a risk of serious harm or criminality, so time and resources are focused on policing.

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

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# HMICFRS

## Value for Money profiles 2022

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.

The VfM profiles include data provided by police services from 2012/13 to 2021/22. Data is presented as a series of interactive charts and graphs, allowing users to explore and tailor reports to their own interests.

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



# Delayed publication of audited local authority accounts

In December 2022 there were over 600 local audit opinions outstanding. This means that many stakeholders can't rely on audited accounts to inform decision making – a significant risk for governance and control.

Local authority accounts are becoming increasingly complex as accounting standards evolve and local authorities enter more and more innovative financing arrangements and income generation projects. A significant challenge in managing local audits is the differing needs of various stakeholders. The local government sector, central government and regulators need to agree on the purpose of local audit and find a consensus on improving efficiency in publishing accounts. Grant Thornton has produced a report that explore the reasons for delayed publication of audited local authority accounts.

Table 1 below illustrates the declining performance against the target date for publication of audited accounts in recent years.

**Table 1 Audited accounts published by target date over the last six years**

Financial year	Deadline for publication of unaudited accounts	Target date for publication of audited accounts	% audited accounts published by target date (all firms average)	% audited accounts published by target date (Grant Thornton audits)
2016/17	30 June 2017	30 September 2017	95	97
2017/18	31 May 2018	31 July 2018	87	91
2018/19	31 May 2019	31 July 2019	58	65
2019/20	1 September 2020	30 November 2020	45	54
2020/21	1 August 2021	30 September 2021	9	12
2021/22	1 August 2022	30 November 2022	12	20

## About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



# Delayed publication of audited local authority accounts

## What more can be done?

All key stakeholders in the local audit system will need to continue their efforts to secure improvement and a return to high levels of compliance with timely publication of audited accounts. The report explores several of the causes of delay and steps which might be taken to reduce the incidence of delays.

These steps relate to systems leadership, holding both authorities and auditors to account for their performance, a continued focus on the quality of accounts preparation and audit, and the effective engagement between auditors and audited bodies.

The report makes 20 recommendations for improving timeliness in publishing audited accounts.

The report also sets out a checklist which management and the audit committee should consider. The report recommends DLUHC, CIPFA or the FRC set out expectations for the system as a whole.

[Click here for full report](#)

## About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



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# Stonewall Gold Employer: GT's LGBTQIA+ inclusion journey

## Background

15 Feb 2023, Stonewall, Europe's largest charity for Lesbian, Gay, Bi, Trans, and Queer (LGBTQIA+) rights, launched its widely anticipated Top 100 Employers List – recognising us for our work in supporting LGBTQIA+ colleagues to be the best versions of themselves at work and awarding us Gold Employer, the highest award.

We're proud to announce that we've ranked among the UK's leading employers from the public, private, and third sectors in the Stonewall Workplace Equality Index (WEI). We've also been recognised as a Gold Employer. Overall, we've ranked 38th in the latest WEI results, and 26th in the private sector, and 9th in the financial services sector.



# Sustainability: Finance at the heart of decision making

In November 2022 CIPFA published an article on public sector specific response to climate change. Below is an extract from CIPFA's website:

## “Role of the finance profession

Finance and accounting professionals need to move beyond simply measuring and reporting the impact of climate change, environmental regulation, supply chain pressure and rising energy costs. They must focus on understanding those implications and integrating them into financial management and business planning. The ability to integrate climate risks into overall operational risks is a major challenge. The finance profession will need to be able to collect data from different professions (scientists, valuation experts, biologists, meteorologists etc) and be able to understand but also challenge assumptions and projections. The importance of effective communication to both internal and external stakeholders must not be underestimated. Climate reporting should result in decision makers having all the information necessary to be effective, to measure progress and to hold those responsible to account.

Opportunities and risks must be identified and stress tested using various scenarios, including temperature rises of 2C and more. The impact of collapsed ecosystems must not be ignored – from rising sea levels to food scarcity and the mass migration of people whose land is no longer inhabitable. We need honesty, transparency and above all leadership to tackle the climate issues that exist and lie ahead.

## Conclusion

The current focus on net zero emissions by 2050 misses the point that climate change is already happening. There is an urgent need for adaptation measures to be introduced that allow the UK to live with higher temperatures, wetter winters and warmer, drier summers. At the moment we are severely under prepared.

This is a call for urgent action from government, both at central and local level. The IPCC recommended threshold of limiting temperature rises to 1.5C is set to be broken. Temperature rises above 2.5C will mean ecosystems will collapse which will have severe repercussions on our society as a whole.

CIPFA and ICAEW share the view that the finance function has an important role to play in combating climate change. We would like to see the finance profession taking the lead for the public sector in its efforts to tackle climate change”.

[Click here for link to the article](#)



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