

Informing the audit risk assessment for West Midlands Police 2023/24

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between West Midlands Police's external auditors and West Midlands Police's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the police's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from West Midlands Police's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2023/24?</p>	<p>We are carrying out a revaluation exercise on a number of our buildings which are due this year.</p> <p>There have been some resolutions to the pension challenge.</p> <p>TBC – move of OPCC to WMCA which may mean accounts to 6th May 2024.</p> <p>In April 2023 the force introduced a new operating model to enable the force to build on the relationships that we have with our communities and to serve them better. The model is built on new Local Policing Areas. (LPAs) This aims to deliver a more localised and visible police service which can respond more effectively to local priorities. The model features 7 LPAs which are aligned to the Local Authority areas in the West Midlands; namely Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton.</p> <p>Each LPA is led by a chief superintendent who is answerable locally, having authority and control of resources to meet local needs most effectively. This means that investigations, response, offender management and neighbourhood policing come together under one local command enabling us to meet the needs of the public better through optimised contact, resource allocation and incident management. Each LPA also has a Priority Crime Team as a proactive resource to tackle local issues and concerns and they retain a strong focus on serious and organised crime and exploitation to tackle offenders and prevent the harm caused.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by West Midlands Police? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>Accounting policies have been considered and are approved by the JAC. There was no change in the accounting policies from 2022/23.</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>No</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>No</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No
6. Are you aware of any guarantee contracts? If so, please provide further details	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by West Midlands Police during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>The Department uses the National Legal Framework and has instructed Weightmans and Capsticks on employment tribunals, Capsticks and Thompsons on general commercial. Employment Contracts we have used Weightmans, Capsticks and Spencer Shaw. Capsticks and Veale Wasborough on Contracts. Clarke Willmott Conveyancing. General Commercial Capsticks and Thompsons. Litigation Clyde & Co, Dolmans. Specialist costs advice is obtained from QM Costs.</p> <p>In line with Insurers approved lawyers. Plexus Law and Weightmans solicitors are engaged to deal with open litigation cases associated with claims brought against the force insurance programme.</p> <p>We are using DWF for a majority of Employers Liability Claims with a few instructions for specific cases going to Kennedys Law.</p>

General Enquiries of Management

Question	Management response
9. Have any of the West Midlands Police's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	<p>We use PS Tax to support with tax related queries.</p> <p>AON Insurance Brokers are engaged to assist in the placement and management of insurance policies arranged.</p> <p>We utilise the services of DWF, Kennedys and Weightmans solicitors for our employers liability and motor third party claims where appropriate.</p> <p>The public liability claims are handled within legal services. There will be external law firms as well as counsel chambers used in relation to the management of those claims.</p>
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	We have considered this and don't believe we have any that fall under this category.

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As West Midlands Police's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from West Midlands Police's management.

Fraud risk assessment

Question	Management response
<p>1. Has West Midlands Police assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the police's risk management processes link to financial reporting?</p>	<p>There is a joint Anti-Fraud, Bribery and Corruption Policy and Fraud Response Plan between the Force and oPCC. This is monitored by management and reported against to the Joint Audit Committee on an annual basis – latest report to JAC 14/12/23 (07-Dec-2023-Anti-Fraud-Bribery-and-Corruption-Annual-Effectiveness-Review.pdf (westmidlands-pcc.gov.uk))</p> <p>Internal Audit assess fraud risk when determining the annual plan and when planning for each audit. There have been no frauds identified during routine audit work this year. If a fraud was identified, Internal Audit would work closed with the professional Standards department to investigate</p> <p>The Force assesses risks and reports strategic risks to the Joint Audit Committee on a quarterly basis. This will include any financial risks to the organisation. 05-Dec-2023-Risk-Management-Update.pdf (westmidlands-pcc.gov.uk)</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>These are high value or high frequency transactions. The processes and controls that operate within the organisation mitigate these risks.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within West Midlands Police as a whole, or within specific departments since 1 April 2023? If so, please provide details</p>	<p>The report taken to Audit Committee in December 2023 (07-Dec-2023-Anti-Fraud-Bribery-and-Corruption-Annual-Effectiveness-Review.pdf (westmidlands-pcc.gov.uk)) details an investigations update report from Professional Standards Department regarding externally/public generated and conduct matters relating to internal fraud as described within the responsibilities of the Head of Professional Standards, within the Anti-Fraud, Bribery and Corruption Policy. These do not effect the financial statements and are of a low value.</p>

Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Internal Governance arrangements are in place to monitor Force and oPCC risks with oPCC risks being reported through SLT and Force risks being reported through the Risk Tactical Board for ratification before going to the DCC Risk and Organisation Learning Board for approval. Risk registers are reported into the Joint Audit Committee quarterly – See latest report and supporting appendices here - December 2023 - West Midlands Police & Crime Commissioner (westmidlands-pcc.gov.uk)</p> <p>Details of any significant issues/risks identified by Internal Audit (including fraud risks) would be reported in the update report to Joint Audit Committee on a quarterly basis. 1 EXECUTIVE SUMMARY (westmidlands-pcc.gov.uk)</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within West Midlands Police where fraud is more likely to occur?</p>	<p>Specific fraud risks are considered when setting audit plans, and at audit planning for each individual audit. If any weaknesses are identified in the control framework that may allow fraud or error to occur, recommendations are made to management to address the weakness. Recommendations are monitored by Joint Audit Committee.</p> <p>No. There are some systems that are at greater risk of fraud and Internal Audit would consider these in annual planning arrangements. Fraud is more likely to occur in financial / shared service functions which are considered when setting the audit plan</p>
<p>6. What processes do West Midlands Police have in place to identify and respond to risks of fraud?</p>	<p>These are set out in the Anti-Fraud, Bribery and Corruption Policy September 2022 - West Midlands Police & Crime Commissioner (westmidlands-pcc.gov.uk) (See paper 10)</p>

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for West Midlands Police including:</p> <ul style="list-style-type: none">• the existence of internal controls, including segregation of duties; and• the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Testing of the internal control framework would be undertaken by Internal audit sample testing transactions during audits to test the robustness of controls. For financial systems, e.g. debtors, creditors, payroll, expenses payments etc. there is also a series of management control checks implemented within the governance framework whereby management must confirm and evidence controls have operated, e.g. review of duplicate payments reports, review of payroll audit reports, verification checks etc. Internal audit would consider effectiveness of internal controls within their work programme for any areas where there is potential for fraud. Segregation of duties will be looked as part of key control testing. Any weaknesses in the control framework or with compliance with controls would be reported to management and corrective action agreed.</p> <p>There are management controls as a second line of defence, as explained above. Internal Audit will be the third line of defence independently assessing systems for weaknesses in the control framework, making recommendations to address those weaknesses and ensuring management have actioned the recommendations. This is independently scrutinised by the Joint Audit Committee.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>I am not aware of any misreporting.</p>

Fraud risk assessment

Question	Management response
<p>9. How does West Midlands Police communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Ethical behaviours and business processes are encouraged through strategies and policies established. These include Joint procurement strategy, code of governance, anti-fraud and corruption policy, corruption hotline, business interest policy, Gifts and Hospitality Policy, Financial Regulations, Business Interest Policy etc.</p> <p>There is a whistleblowing process available to staff to report any suspicions of fraud, misappropriation etc. All investigation outcomes are publicised internally, PSD do regular 'dilemma of the month' questions on the intranet to publicise scenarios and ethics etc.</p> <p>All staff are required to report any Inappropriate behaviour to their manager or corruption hotline. Refer to Anti-fraud and corruption update to joint Audit Committee in December 20231. 07-Dec-2023-Anti-Fraud-Bribery-and-Corruption-Annual-Effectiveness-Review.pdf (westmidlands-pcc.gov.uk)</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Posts that have cash handling, commissioning and procurement, payroll / human resources, creditors and income</p> <p>Management checks, segregation of duties, vetting, approval processes etc.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No</p> <p>Refer to answer number 9 above regarding policies in place. Also Internal Audits of supplier relationship management framework, procurement processes, business interest reviews etc.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Through annual reporting of instances of fraud referred to previously. Also Head of Internal Audits reports to committee on audit recommendations / opinions. Head of Audit would also notify the Chair of Audit Committee of significant instances of major fraud.</p> <p>Refer to answer above. Also through scrutiny of internal audit work and PSD work/reports on effectiveness of anti fraud and corruption strategy</p> <p>Management action instigated, if required. Also, through requesting further assurance e.g. JAC often request management report back to committee on progress in addressing weaknesses in internal control and responsible officers have been held to account by JAC</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>I am not aware of any whistleblowing potential or complaints</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>I am not aware of any reports being made under the Bribery Act.</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that West Midlands Police operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does West Midlands Police have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the police's regulatory environment that may have a significant impact on the police's financial statements?</p>	<p>Exceptions are brought to the attention of management.</p> <p>Appropriate governance arrangements are in place. Schemes of consent and delegation are in place</p> <p>The PCC will be moving to the Mayor's office as of 7th May 2024. This will mean accounts dated to the 6th May 2024.</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Exceptions are brought to the attention of the audit committee.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2023 with an on-going impact on the 2023/24 financial statements? If so, please provide details</p>	<p>No</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>No</p>

Impact of laws and regulations

Question	Management response
<p>5. What arrangements does West Midlands Police have in place to identify, evaluate and account for litigation or claims?</p>	<p>WMPCC have in place policies and procedures which ensure that all known claims are evaluated and a provision is made within the insurance fund for any predicted financial costs. In addition, there is a provision held within this fund for claims incurred but not yet reported.</p>
<p>6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details</p>	<p>No. We have a case worker assigned from HMRC to review compliance with IR35. This is still in review. This has been a national exercise with all forces.</p>

Related Parties

Matters in relation to Related Parties

West Midlands Police are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by West Midlands Police;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the police;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the police, or of any body that is a related party of the police.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the police's perspective but material from a related party viewpoint then the police must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in West Midlands Police s 2023/24 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and West Midlands Police whether West Midlands Police has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>The members of the PCC Board and the Force Executive Team are reviewed on an annual basis. Any new members are reviewed, related party disclosure letters are sent out before year-end to be completed as at year end.</p> <p>The OPCC will be moving to the Mayor's Office at 7th May 2024 (based with the WMCA). This won't affect in-year transactions.</p>
<p>2. What controls does West Midlands Police have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>The PCCWM and Chief Constable of West Midlands Police are required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the CC or to be controlled or influenced by the CC. Disclosure of these transactions allows readers to assess the extent to which the CC might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the CC.</p> <p>Members of the Strategic Policing and Crime Board have direct control over the PCC's financial and operating policies. The PCC, his Assistant PCCs, Strategic Policing and Crime Board members, Chief Officers within the Office for the PCCWM and Police force Chief Officers have signed a declaration regarding related party transactions – these are updated each year.</p> <p>Any related parties that have been identified are analysed for any expenditure the PCC/CC has incurred during the year. If there are any transactions with these related parties, the officers concerned are asked to give further explanation regarding those transactions.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>See above</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Any spend over £25k will be reviewed by the procurement team in the first instance. However, we have not had any significant transactions outside of the normal course of business.</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for police bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by West Midlands Police will no longer continue?	WMP hold a corporate risk register where all risks for all departments are logged, scored and RAG rated. These are reviewed each month and processes are put in place to minimise/mitigate risks to ensure statutory services continue.
2. Are management aware of any factors which may mean for West Midlands Police that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No events or conditions have been identified.
3. With regard to the statutory services currently provided by West Midlands Police, does West Midlands Police expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for West Midlands Police to cease to exist?	WMP expects to continue to deliver all statutory services. No events/conditions have been identified to give us any reason for statutory services to cease.
4. Are management satisfied that the financial reporting framework permits West Midlands Police to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	WMP are satisfied that preparing the financial statements on a going concern basis will provide a faithful representation of the items in the financial statements.

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	The potential year end date of 06.05.24 will affect all estimates and accruals. Pensions liability – this can change year on year.
2. How does the police's risk management process identify and address risks relating to accounting estimates?	We are aware of the new year-end and are in in depth discussions with WMCA. A project plan has been produced and meetings are underway to ensure all risks are identified and mitigated.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	See appendix A.
4. How do management review the outcomes of previous accounting estimates?	See responses in Appendix A.
5. Were any changes made to the estimation processes in 2023/24 and, if so, what was the reason for these?	No – however, the change will be the year-end date of 6 th May (TBC)

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Experts are used where required, see Appendix A.
7. How does the police determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	See Appendix A.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Management review the reports that are provided by external experts and will question any issues as appropriate.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul data-bbox="98 844 699 991" style="list-style-type: none">- Management's process for making significant accounting estimates- The methods and models used- The resultant accounting estimates included in the financial statements.	Accounting policies, Financial Statements are reviewed by the JAC and those charged with governance.

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No – just those listed in Appendix A.
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Any changes in accounting policies are reviewed by the JAC annually. Experts are used as appropriate. We have an internal audit team which will undertake audits of areas of concern and ensure appropriate controls and processes are in place.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	See above.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property, plant, and equipment valuation	Land and buildings: 5 yearly formal valuations are undertaken by our valuers. Interim valuations are also undertaken as per our accounting policies.	Other than L&B the initial cost is used and depreciated – see depreciation section.	This year we are using Avison Young as our valuers.	The valuers value buildings as per public sector RICS guidance. Management will assess the reasonableness of valuations and question where necessary.	No
Pension Liability	Actuarial valuation is provided at the end of the year. This year it may be to 6 th May – this is to be confirmed. The actuaries will use the in year transactions that have happened.	The actuaries will use the in year transactions that have happened – they will also obtain information from the LGPS.	Actuaries are used for both LGPS and Police pension schemes.	The actuaries will provide their assumptions for review. Management will look at these to see if there are any reasons if these assumptions are not considered appropriate.	Potential year end of 6 th May for valuations.
Accruals	Open POs are taken from the system and reviewed prior to be accrued for. Management accounts will also accrue based on the information they have. Income accruals are also based on information that we have.	POs – reviewed over £5k Overtime based on system information.	The accountants within the team are used for reviews and undertaking accruals.	Estimates may be used for example utilities, the estimates will be based on averages. Anything over £5k will be reviewed and appropriate estimation methods will be used.	No
Depreciation	Straight line based on useful life of purchase price/valuation of asset. See depreciation accounting policy	Valuations are undertaken by experts and purchase prices are used for other assets.	Valuers are used to set useful lives for buildings.	Useful lives for buildings are determined by experts. Other assets such as vehicles useful lives are determined in conjunction with department heads.	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions	Insurance – provisions are reviewed with the insurance manager who will give us figures based on open claims.	The insurance team use a system that logs all open claims.	In conjunction with insurance manager (Janey Barratt)	These are reviewed regularly and updated in conjunction with the insurance manager. New claims and settled claims will be accounted for.	No
	Our contribution towards the legal settlement for Hillsborough will be calculated by the lead force (South Yorkshire) and adjusted accordingly.	South Yorkshire will inform us of our contribution.	South Yorkshire police.	As South Yorkshire are the lead force they will inform us.	No
	Accumulated absences – time management system (MyTime)	MyTime used to inform us of untaken leave.		MyTime is used across the force to record leave.	No



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