Grant Thornton

Warwickshire Police and Crime Commissioner and Chief Constable Audit Progress Report and Sector Update

Year ending 31 March 2021

September 2021

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Introduction

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This paper provides the Joint Audit and Standards Committee (JASC) 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.

Members of the Joint Audit and Standards 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 www.grantthornton.co.uk.

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.

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Progress at September 2021

Financial Statements Audit

We undertook our initial planning and interim audit for the 2020/21 audit in April 2021. Our interim fieldwork included:

- updating our review of the control environment;
- updating our understanding of financial systems;
- reviewing Internal Audit reports on core financial systems issued to date;
- understanding how the Police and Crime Commissioner and Chief Constable make material estimates for the financial statements; and
- early work on emerging accounting issues.

No significant issues arose from this work which we wish to bring to the attention of JASC.

In June we issued a detailed Joint audit plan, setting out our proposed approach to the audit of the 2020/21 financial statements. In this plan we set out a proposed timescale which included commencement of the year end audit in July 2021 and reporting of our findings to the JASC in September 2021.

Since we issued our plan, a number of factors have impacted on the planned timing of our year end work and, due to capacity and resource constraints, we were unable to commence our year end work in July 2021. We communicated this to management as this developed and agreed a new delivery plan. We now expect to complete our year end financial statements audit work in October 2021 and will agree a timescale for reporting of our findings to JASC.

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 is 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 will make more impact. Our 2020/21 Audit Plan set out further details on the timing, resourcing and fees associated with this expanded Value for Money assessment. It also set out the risks of significant weakness identified as a result of our planning process:

- Finance arrangements post the end of the strategic alliance, including the development of the Medium Term Financial Plan and the PCC and CC finance function
- Governance arrangements developed post the end of the strategic alliance, around the implementation of the Transformation Programme, and for any significant new collaborative working arrangements.

We have engaged Value for Money specialist colleagues to assist us with the completion of this work and anticipate the work to be concluded in October 2021.

Other areas - meetings

We hold regular liaison meetings with Finance Officers and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

We have kept officers informed of the changes to the timing of our year end audit work through these regular meetings.

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Audit Deliverables

2020/21 Deliverables	Planned Date	Status
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Joint Audit and Standards Committee setting out our proposed approach in order to give an opinion on the 2020/21 financial statements.	June 2021	Issued
Audit Findings (ISA260) Report The Audit Findings Report will be reported to the Joint Audit and Standards Committee.	September 2021	Delayed – to be issued following completion of work in October 2021
Auditors Report This is the opinions on your financial statements and annual governance statement.	September 2021	Delayed – to be issued following completion of work in October 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).	November 2021	Not due yet

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Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from sector specialists**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Police

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HMICFRS

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.

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HMICFRS

Police generally responded well to exceptional circumstances of pandemic

Based on an inspection of policing between March and November 2020, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) said that although there were some inconsistencies, in general police forces took immediate and decisive action to respond to the extreme circumstances of the pandemic.

HMICFRS found that during the first lockdown the demand on policing changed. There were fewer reports of some crimes such as theft and robbery, and an increased need to support the work of other frontline services as well as enforcing lockdown restrictions. This change meant forces utilised their resources differently. For example, some forces were able to clear backlogs of outstanding arrest warrants.

Inspectors also found that the fast-paced announcement and introduction of new legislation affected some forces' ability to produce timely and clear guidance for staff. This sometimes led to confusion over the difference between legislation and government guidance, with the inspectorate stressing that the police can only enforce legislation.

The inspectorate acknowledged the criticism some forces faced for their interpretation of lockdown restrictions, including undertaking road checks to identify unnecessary journeys, drone surveillance, and police action in relation to non-essential shopping and what was thought to be excessive exercise.

While these actions were viewed by some as heavy-handed or inconsistent, inspectors were assured that police forces had learnt from these instances and in general did well to maintain public trust.

The full report can be accessed here.

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Home Office

Fact sheet: Provisional Police Funding Settlement 2021/22

The Home Office has published the provisional police funding settlement for 2021/22.

The Government is proposing a total police funding settlement of up to £15.8 billion for the policing system in 2021/22. This includes funding to Police and Crime Commissioners (including capital), plus funding for counter-terrorism policing and funding for national priorities.

This is an increase of up to £636 million compared to the 2020/21 funding settlement.

The funding package includes:

- an additional £415 million Government funding to PCCs to drive the recruitment of 20,000 extra officers;
- up to an additional £288 million from council tax precept, subject to decisions by PCCs; and
- £1.1 billion for national priorities, including police technology.

The Government has prioritised funding for Police and Crime Commissioners in this settlement. Overall funding available to PCCs will increase by up to £703 million next year – a 5.4% cash increase on the 2020/21 settlement – if PCCs make full use of their flexibility to increase precept.

The fact sheet can be accessed here.

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Home Office

Recruitment drive delivers almost 9,000 additional police

An extra 8,771 police officers have been recruited to cut crime and keep communities across the country safer as part of the government's campaign to bring in 20,000 additional officers, new Home Office figures show.

As of 31 March 2021, every one of the 43 police forces in England and Wales has hit or surpassed its first-year recruitment target since the launch of the Police Uplift Programme in September 2019.

The new figures show that the government is already 44% of the way towards meeting its ambition of hiring 20,000 additional officers by 2023, with many of these new recruits already on the streets and doing their bit to protect neighbourhoods.

The Police Uplift Programme is an unprecedented opportunity to create a more representative police workforce, and the statistics show that forces are more diverse than ever before.

More women (45,996) are now employed as police officers in forces across England and Wales than ever before. Since April 2020, 42% (5,037) of the new recruits have identified as female.

The number of Black, Asian and other ethnic minority officers is also now at its highest point on record, with 10,218 officers from these communities employed in forces across England and Wales. Since April 2020, recruits from these communities have made up 10.6% (1,212) of all joiners.

The data shows the appetite for thousands to join the police has continued despite the coronavirus pandemic, with online assessment processes, virtual career fairs, and internet workshops continuing to run safely during lockdown.

The full article can be accessed here.

Home Secretary to strengthen Police and Crime Commissioner role

Police and Crime Commissioners (PCCs) will be more accountable to the communities they serve as a result of a review led by Home Secretary Priti Patel, by requiring them to explain their record on crime to the public and strengthening their relationship with the Chief Constable and force.

The review will ensure the public have transparent, democratically-elected, local leaders who are equipped to drive down crime and deliver the safer communities the public deserve. It could also see them lead a wider range of services, in time, such as fire and rescue.

The full article can be accessed here.

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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

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Other News

Roads policing and road safety: How improved partnership working can resolve the post-Covid funding squeeze

With funding for policing and the wider public sector likely to be under significant pressure in the post-Covid economic landscape, resources for roads policing may be severely stretched.

There's speculation everywhere about what the legacy of the Covid era will be, with opinion divided about the extent to which we will return to the way we used to operate. But one thing is undeniable – the Government is going to have to take action to restore the public finances to health after spending £280bn on its response to the pandemic. All sectors will be affected by this, and policing is no exception.

Policing budgets had been recovering over the last couple of years following almost a decade of austerity. The 20,000 reduction in officer numbers that was experienced between 2010 and 2018 is in the process of being reversed and there was optimism about future growth both at force level and in national policing bodies. But all that is surely set to change when the time comes for a multi-year spending review.

The full article can be accessed here.

Policinginsight

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2019/20 audited accounts – Public Sector Audit Appointments

In December 2020 Public Sector Audit Appointments (PSAA) published figures relating to the audit of 2019/20 local authority financial statements.

PSAA report "Audit arrangements in local councils, police, fire and other local government bodies are continuing to exhibit signs of stress and difficulty. In the latest audit round, focusing on 2019/20 financial statements and value for money arrangements, fewer than 50% of bodies' audits were completed by the revised target of 30 November.

Figures compiled by PSAA, the organisation responsible for appointing auditors to 478 local bodies, reveal that 55% (265) of audit opinions were not issued by 30 November. This is a further deterioration on 2018/19 audits when 43% of opinions (210 out of 486) were delayed beyond the then target timetable of 31 July.

This year's timetable has been deliberately eased by Ministers in recognition of the underlying pressures on the audit process and the significant added complications arising from the Covid-19 pandemic. The pandemic has posed practical challenges for bodies in producing accounts and working papers, and for auditors to carry out their testing. Both sets of staff have had to work remotely throughout the period, and the second national lockdown came at a critical point in the cycle.

Questions and concerns about the potential implications of the pandemic for some bodies have meant that both finance staff and auditors have needed to pay particular attention to the financial position of each entity. Additionally, following a series of increasingly challenging regulatory reviews, auditors have arguably been more focused than ever on their professional duty to give their opinion only when they are satisfied that they have sufficient assurance."

The news article can be found here:

News release: 2019/20 audited accounts – PSAA

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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.

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Transparency report

Grant Thornton UK LLP year ending 31 December 2020

April 2021

The full report is available here:

Transparency report 2020 (grantthornton.co.uk)

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