

Interim Auditor's Annual Report on the Police and Crime Commissioner and Chief Constable for Warwickshire

2022/23

January 2024



Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner and Chief Constable’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. 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.

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Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Police and Crime Commissioner (PCC) and Chief Constable (CC) have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

Auditors are required to report their commentary on the PCC and CC's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the PCC and CC's arrangements for securing economy, efficiency and effectiveness in their use of resources. Our conclusions are summarised in the table below.

Overall we found that the PCC and CC continue to have proper arrangements in place to secure economy, efficiency and effectiveness in their use of resources with no significant weaknesses in arrangements identified. We have carried forward one improvement recommendation from 2021/22 regarding the ongoing review of policies to assist the PCC and CC in further enhancing their arrangements. Key messages in relation to Financial Sustainability, Governance, and Improving economy, efficiency and effectiveness are provided overleaf.

Criteria	2022/23 Risk assessment	2022/23 Auditor Judgement on arrangements	2021/22 Auditor Judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified	No significant weaknesses in arrangements identified	No significant weaknesses in arrangements identified	↔
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but one improvement recommendation carried forward from 2021/22, and one new improvement recommendation raised in relation to prompter implementation of internal audit recommendations	No significant weaknesses in arrangements identified, but one improvement recommendation made	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified	No significant weaknesses in arrangements identified	↔
<div> <div></div> No significant weaknesses in arrangements identified or improvement recommendation made. <div></div> No significant weaknesses in arrangements identified, but improvement recommendations made. <div></div> Significant weaknesses in arrangements identified and key recommendations made. </div>				

Executive summary



Financial sustainability

The PCC and CC have a good track record of sound financial management and delivered an overall underspend of £1.7 million in year, after taking into account central government funding, the impact of the veto of the planned precept increase by Warwickshire Police and Crime Panel which reduced the PCC's planned precept increase for Band D Council tax band from £9.99 to £9.75 for the year, and a planned contribution to reserves. The PCC and CC understood the financial risks which they faced and managed these risks via effective budgetary control and by maintaining an appropriate level of reserves.

Overall we are satisfied that the PCC and Chief Constable had appropriate arrangements in place to manage the risks they faced in respect of their financial resilience. Our work has not identified any significant weakness regarding financial sustainability.



Governance

Overall, we found no evidence of significant weaknesses in the PCC's or CC's governance arrangements for ensuring that they made informed decisions and properly managed risks, although we have carried forward an improvement recommendation regarding the regular review of policies from 2021/22. Whilst there is ongoing review of policies, our work identified that the Gifts and Hospitality Policy issued in 2014 was not reviewed until March 2023, and the Risk Management Strategy has not been updated since 2021/22 despite a commitment to an annual review. We understand the Risk Management Policy was reviewed during 2023/24 following a planned decision not to undertake the annual review in 2022/23, pending a more fundamental review of the OPCC risk register and monitoring process. We have also raised one improvement recommendation in relation to prompter implementation of internal audit recommendations.



Improving economy, efficiency and effectiveness

The PCC and Force have put in place effective arrangements to improve economy, efficiency and effectiveness. This includes significant partnership working, such as that with Warwickshire's Community Safety Partnerships, and appropriate arrangements to respond to recommendations raised by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). Our review has not identified any significant weaknesses in arrangements in this regard.



Financial Statements opinion

We have completed our audit of your financial statements and issued an unqualified audit opinion on **XX XXXX 2024**, following the Joint Audit and Standards Committee meeting on **XX XXXX**. Our findings are set out in further detail on **pages x to x**.



Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the PCC and CC's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22

We have completed our audit of your financial statements and issued an unqualified audit opinion on **XX XXXX 2024**, following the Joint Audit and Standards Committee meeting on **XX**. Our findings are set out in further detail on **pages x to x**.

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue statutory recommendations.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not apply to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

We did not issue an advisory notice.

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for judicial review.

Securing economy, efficiency and effectiveness in the PCC and CC's use of resources

All PCCs and CCs are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The PCC and CC's responsibilities are set out in Appendix A.

PCCs and CCs report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the PCC and CC have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

Arrangements for ensuring the PCC and CC can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the PCC and CC make appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the PCC and CC make decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the PCC and CC delivers their services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the PCC and CC's arrangements in each of these three areas, is set out on pages 7 to 23. Further detail on how we approached our work is included in Appendix B.

Financial sustainability



We considered how the PCC and CC:

- identifies all the significant financial pressures that are relevant to their short and medium-term plans and builds them into their plans
- plans to bridge funding gaps and identify achievable savings
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures the financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identify and manage risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Overview of the arrangements to ensure financial sustainability and the financial context

The PCC and CC have faced significant financial challenges in 2022/23 and these will continue through to 2023/24 and the longer term against a backdrop of the current economic climate. Despite this, to date a sustainable financial position has been achieved, and subject to the achievement of planned savings and the successful mitigation of the financial risks identified, a sustainable financial position is forecast into the future. The Force have demonstrated a reasonable track record of delivering savings over the past five years and the PCC has established a sustainable level of reserves to help manage financial risks.

The PCC and CC's performance against key financial and performance metrics in 2022/23 and 2021/22 are set out in the table opposite. Slippage on the capital programme each year is largely due to factors such as the continuing impact of unavoidable external factors on supply chains or rescheduling of projects.

The MTFP (Medium Term Financial Plan) is embedded within the annual budget setting cycle to provide the longer-term view of priorities and demand for services. Council Tax assumptions are a key element of planning, and the Force are working closely with their Billing Authorities to understand assumptions around the Council Tax Base and the surplus/deficit on Collection Funds. The Comprehensive Spending Review and Government Settlements are reviewed on an ongoing basis to try and model future resource envelopes that Warwickshire will operate in. As for all police bodies, annual settlements and the lack of longer-term assurances over funding make financial planning more short-term in its focus, although there is a current MTFP to 2027/28 and work is in progress to produce an MTFP to 2028/29. We are satisfied assumptions in the MTFP are prudent. Our work has not identified any significant weakness regarding financial sustainability.

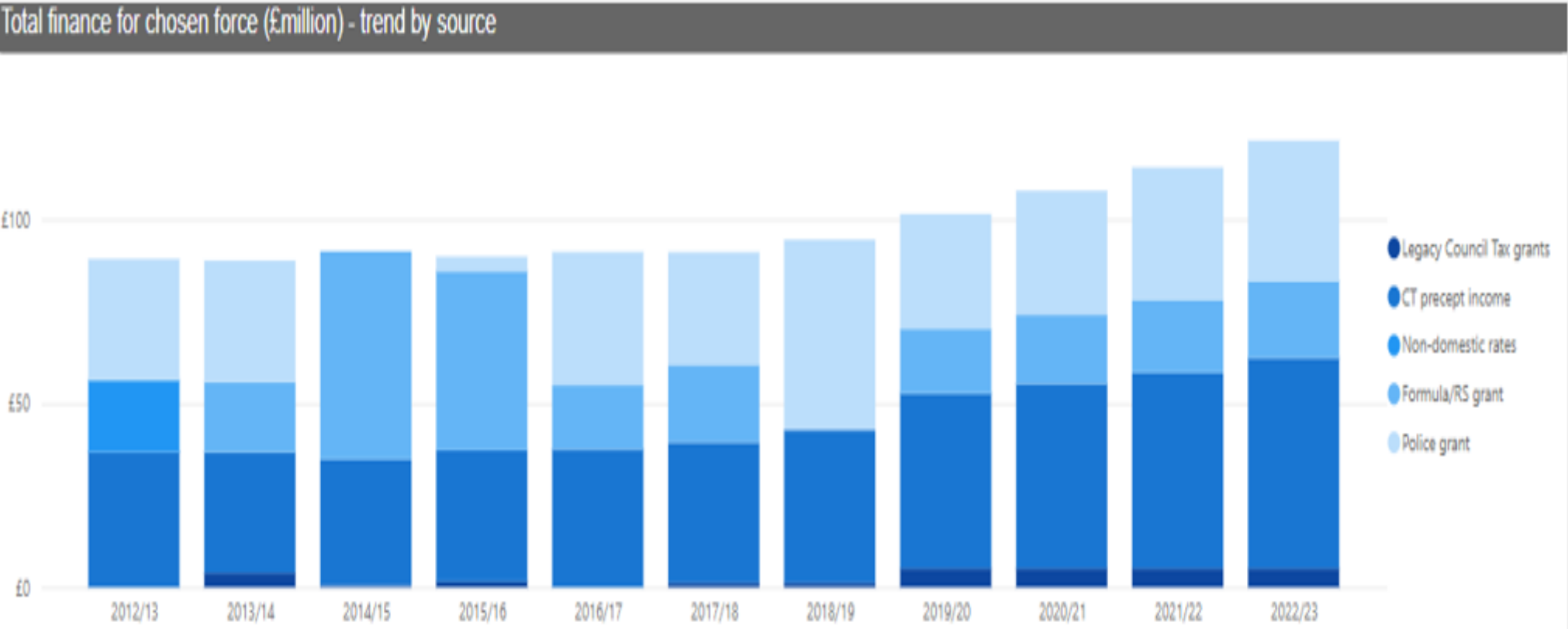
The graph overleaf is an extract from the HMICFRS Value for Money profiles and demonstrates how Warwickshire Police's funding is split.

	2022/23	2021/22
Planned revenue expenditure	£121.4m	£114.4m
Actual revenue expenditure	£119.7m	£112.8m
Revenue underspend	£1.7m	£1.6m
Planned capital spend	£10.7m	£19.6m
Actual capital spend	£9m	£15.9m
Capital underspend	£1.7m	£3.7m
Year-end cash position	£1.8m	£5.3m

Financial sustainability continued

Financial Context continued

The graph below is an extract from the HMICFRS Value for Money profiles and demonstrates how Warwickshire Police’s funding is split.



Financial sustainability continued

Key Financial Assumptions in the Medium-Term Financial Plan (MTFP)

All of the below assumptions are in line with our knowledge of Warwickshire PCC and CC, the wider police sector and the economic outlook. The assumptions appear to be prudent and reasonable based upon this and other relevant supporting documents. We are satisfied that appropriate consideration has been given to the key pressures that will be faced, and that prudence has been applied in relation to income streams. The key assumptions are described below.

MTFP 2022/23 to 2026/27

In February 2022 the MTFP was updated for the period 2022/23 to 2026/27. Key assumptions included in the MTFP are as follows:

- Main grant funding - The MTFP assumes that the government grant will increase in line with the increases in national funding. The funding assumptions also do not build in any changes from the anticipated review of the funding formula. This is considered reasonable given the current uncertainty.
- Inflation assumption is based upon the current agreed rates where there is a contractual commitment and as an estimate against other budget heads.
- The MTFP assumes a pay award of 2.5% in 2023/24 and 2% in 2024/25. This has then been reduced to 1% thereafter.
- For the purposes of the MTFP it has been assumed that council tax increases will be within the assumed Government draft settlement level at 3.9% in 2023/24, 3% in 2024/25 and 2% thereafter. It is assumed that this level of increase will be within the referendum limit. It was assumed that the tax base will increase by 2% each year until 2026/27.

MTFP 2023/24 to 2027/28

In February 2023 the MTFP was updated for the period 2023/24 to 2027/28. Key assumptions included in the MTFP are as follows:

- Main grant funding - The MTFP assumes that the government grant will increase in line with the increases in national funding for policing in 2024/25, and then reduce to a 1% annual increase over the remainder of the MTFP. The funding assumptions also do not build in any changes from the anticipated review of the funding formula. This is considered reasonable given the current uncertainty.
- Inflation assumption is based upon the current agreed rates where there is a contractual commitment and as an estimate against other budget heads.
- The MTFP assumes a pay award of 2% in 2024/25 and 2025/26 and then falls to 1% thereafter to match the grant increase assumption.
- For the purposes of the MTFP it has been assumed that council tax increases will be within the assumed Government comprehensive spending review 2021 settlement level, at around 3.8% in 2024/25 and then at 2% thereafter. It is assumed that this level of increase will be within the referendum limit. It was assumed that the tax base will increase by 2% each year until 2027/28.

Vetting Unit Income and Expenditure

Warwickshire Police provides the National Contractor Vetting Service (NCVS) on behalf of all police forces. For the 2022/23 to 2026/27 MTFP the related income and expenditure was included in the wider budget. Prudent assumptions were included for income growth, being an increase of £0.6 million in 2022/23, £0.3 million in 2024/25 and no increase thereafter. For the 2023/24 to 2027/28 MTFP, NCVS income and expenditure is disclosed as separate lines in the 2023/24 budget. Income is budgeted as £6.7 million, expenditure as £3.2 million with a net budget of £3.5 million. The budget is based upon known demand trends.

We note that reliance is not placed upon vetting unit income to maintain a balanced revenue financial position in the medium term due to unique nature of this income stream and related risks. Financial planning takes adequate consideration of the risks to maintaining this commercial income stream, with the associated risk being underwritten from the General Reserve. Financial performance is monitored as part of the wider budget monitoring arrangements noted later in this report, and actions being taken to manage the risk to this income stream are monitored as part of the wider MTFP risk included in the risk register.

Financial sustainability continued

Saving Schemes

As part of the 2023/24 budget setting process, the PCC and the CC have undertaken a detailed review and prepared savings plans that can be achieved whilst striving to ensure that Warwickshire Police can continue to meet the needs of their communities and keep people safe. The budget includes a detailed plan to achieve savings of £0.9million, which will be monitored. As a result of this focus on monitoring and delivering savings plans, Warwickshire Police has set a balanced budget, and is not reliant on reserves to balance its books ensuring its sustainability into the future.

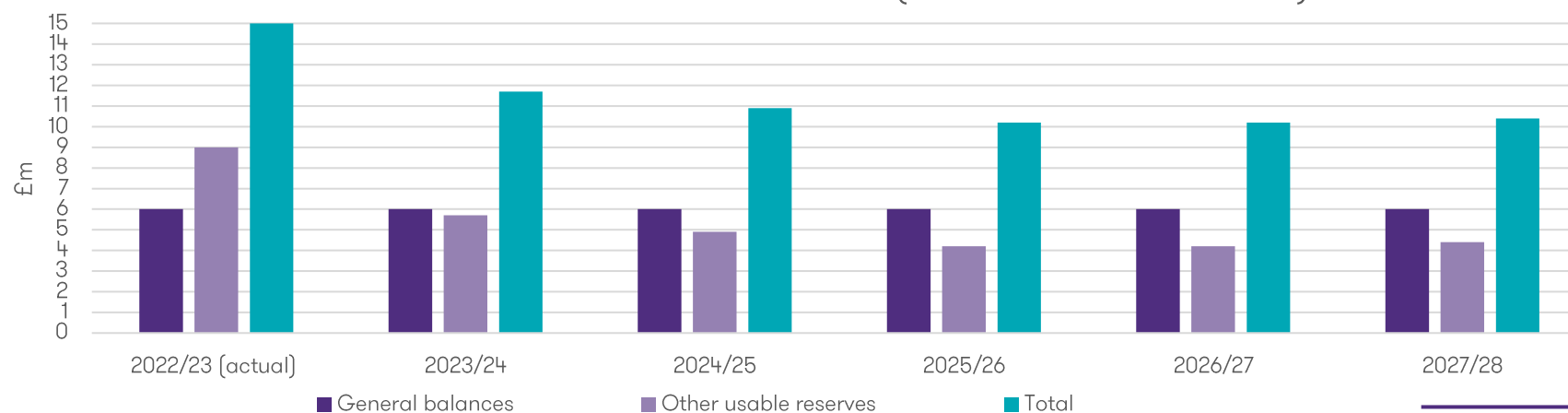
The Force has a reasonably good track record of savings delivery, although it has faced challenges to delivery as many forces have. The Force budgeted to deliver savings of £0.2million in 2022/23 which were delivered. Delivery of these were monitored and reported through the monthly Money Matters reports. Further savings of £3million between 2024/25 and 2026/27 are required within the MTFP 2023/24 to 2027/28. All savings for 2023/24 have been identified within the MTFP. Stakeholders, including residents, are consulted during the development of savings plans in order to identify where needs are, helping to determine the overall plan and ensure that this is properly focussed. The PCC approves savings schemes through the budget report annually.

Reserves

The PCC has a Reserves Strategy to maintain a general fund balance at a level between 4% and 5% of the net revenue expenditure (budget) each year. At 31 March 2023, the General Fund balance was £6million which represented 4.9% of budget. The PCC's Reserves Strategy for the current MTFS for 2023/24 to 2027/28 forecasts that General Fund balances will be maintained at £6m representing 4-5% of the budget for each year thus complying with the Reserves Strategy requirement. Total usable revenue reserves as at 31 March 2023 stood at £15million.

The Reserves Strategy 2023/24 to 2027/28 projects total usable revenue reserves reducing year on year to £10.4m by 31 March 2028, primarily due to the planned use of specific reserves in support of delivery of the MTFP over the medium term.

Forecast Usable Reserves (MTFS 2023/24 to 2027/28)



Financial sustainability continued

Corporate Strategic Priorities – Capital Programme

The current capital programme reflects the priorities of the PCC and includes significant investment in estates and ICT. The PCC is planning significant capital investment of £46.3million over the period to 31 March 2028, which is primarily funded from borrowing (£20.7million) and contributions from the revenue budget (£15.4million). The MTFP 2023/24 to 2027/28 reflects the decision to reduce reliance on borrowing to fund the programme due to the recognition that reliance on borrowing is unsustainable. The Capital Programme reflects priorities such as Evolve and ICT transition and transformation. Furthermore, a priority Warwickshire Police have is a long-standing commitment to protecting the environmental agenda and recognise that their activities both operational and non-operational have an impact on the natural environment for the communities of Warwickshire. This is reflected in the Capital Programme, for example via the procurement of green vehicles and introduction of charging points.

As part of the annual refresh of the Capital Programme, capital projects are reviewed, re-profiled, added and removed as appropriate. This process runs alongside the revenue budget preparation and associated running costs of capital projects are built into the revenue budget at this stage. Business cases for new capital projects also require revenue running and maintenance costs to be considered. These are reviewed by Finance before submission to Chief Officers and PCC for scrutiny and approval. The associated capital financing costs (Minimum Revenue Provision (MRP) and interest) are also calculated for inclusion in the revenue budget based on the agreed capital MTFP. The capital financing costs are regularly reviewed and updated throughout the year for budget monitoring purposes and future forecasting and cash flow forecasting. MRP calculations are reviewed in detail as part of the financial statements audit. We are satisfied that the related financing costs, as per the model, are reflected in the MTFP and that arrangements around this are appropriate.

Financial plan – consistency with other key strategies such as workforce the key revenue cost driver

The Force ensures that approved financial plans are aligned to the expectations set out in the workforce plan by using the policing model to set the workforce plan. The workforce plan is fully costed and integrated into the budget, with a long-term view of costs built into the wider MTFP. For example, the MTFP states: *"The police officer pay budgets are calculated based on the latest recruitment and attrition forecasts, considering rank and incremental changes"* and *"The Commissioner has listened to feedback from the consultation meetings and from the survey, and recognises the concerns voiced around police visibility and also public contact, particularly the 101 service. His response is to provide finance to increase the officer operational strength by a further 10, and the number of call handlers in the control centre by 15. These costs are included in the draft budget and total £0.955m"*. Our review of the budget build master files evidences that budgeted posts are included in the budget.

Arrangements for incorporating risks into financial plans

The budget setting reports make due reference to key corporate risks stating *"The Chief Constable and Commissioner have considered key corporate risks when setting the budget. Essentially these risks are linked to national and local factors, including managing partnerships, pay and non-pay inflation, uplift officers and the introduction of a new policing model, staff and PCSO vacancy levels, increased police demand and key ICT transformational services. The risk registers for the force and PCC are reported regularly to the Joint Audit and Standards Committee (JASC) and are updated regularly during the year."* Review of the PCC's and Force Risk registers confirm that each register includes a risk related to financial sustainability. These risks are discussed with Management, the PCC and CC and members of the JASC at each meeting with an update on prior risks identified and any new risks identified - hence generic risks to financial resilience are subject to ongoing scrutiny re mitigation of the risks.

The budget setting reports refer to the building of the budget based on a number of assumptions. These reports and supporting working papers evidence consideration of trends (based on forecast outturns) and sensitivity analysis and the impact on budget building. For 2024/25 planning, further work was completed on sensitivity analysis/scenario planning with presentations made to Chief Officers and the PCC, for example illustrating pay scenarios based on the impact of difference % increases on pay. This evidences the ongoing enhancement of arrangements to consider the risks to financial plans, the impact of these, and resulting scenarios thus informing decision making.

Financial Governance

Annual Budget Setting Process and Budgetary Control

The annual budget and MTFP are developed in parallel each year. We have considered financial plans for 2022/23 and future years in the financial sustainability section of this report.

Financial reporting is a key objective for senior managers and is discussed and monitored in detail. Once the final budget is signed off by the PCC, budget holders are provided with details of their budget and the responsibilities of budget ownership. Budget holders are required to sign the budget memorandum to indicate acceptance of their budget and acknowledgement of their responsibilities.

The PCC and CC share a responsibility to identify and agree, in consultation with partners and stakeholders, a medium-term financial plan which includes funding and spending plans for both revenue and capital. Consultation with residents and communities of Warwickshire to understand their priorities for policing was achieved through attendance at engagement events, a public survey running from September to December 2022 and specific targeted consultation events in January 2023.

Budget management ensures that once the PCC has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling both the CC and PCC to review and adjust their budget targets during the financial year. Accurate timely profiled financial monitoring reports are provided to budget holders each month and there is regular engagement between Finance and budget holders to review financial performance. Actions are identified to address adverse variances.

Money Matters (MM) Reports are produced each quarter. These include revenue budget executive summary, revenue budget detailed analysis, capital programme position for the year and plans for the remainder of the MTFP, and review of reserves. MM Reports also capture non-financial information. They include context and narrative in relation to the variances in the budget. The reports set out the forecast outturn position for financial year. Detailed reports provided to budget holders includes accrued income and expenditure as well as commitments up to the end of the period to which the report relates, which is used to inform budget holder's forecast outturn. Police and Staff Pay is forecast centrally in conjunction with the HR Department and monitored by the Workforce Development Group (WDG). Treasury Management activity (borrowing, costs of borrowing for example) are also included in the MM Reports.

MM Reports clearly focus on recommendations that require the PCC to make a decision and provide robust assessments of the final outturn that in turn underpins appropriate decisions. The PCC's Treasurer reviews the MM report and produces a summary of the key points, and some suggested questions to brief the PCC. The PCC receives the full MM report and the Treasurer's summary report and uses them both in holding the CC to account in managing her budget.

Overall, we found that there are adequate arrangements in place pertaining to the annual budget setting process and ongoing budgetary control.



Governance



We considered how the PCC and CC:

- monitor and assess risk and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out the annual budget setting process
- ensure effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensure they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitor and ensure appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Overview of governance arrangements

The OPCC and Force have established effective governance arrangements around financial oversight, risk management and review. Our work has not identified any risks of significant weakness in arrangements with regards to governance., however we carried forward our improvement recommendation raised in 2021/22 around the need to ensure that policies are updated in line with the stated timeframes. Our work confirmed that work is ongoing to ensure policies are reviewed on a regular basis; but we identified that the Gifts and Hospitality Policy issued in 2014 was not reviewed until late 2022/23 and the Risk Management Strategy has not been updated since 2021/22 despite a commitment to annual review, although we understand a review has taken place during 2023/24 following a planned decision not to undertake the annual review in 2022/23, pending a more fundamental review of the OPCC risk register and monitoring process.

Risk management

The PCC and CC have adequate arrangements in place to identify and manage strategic risks. Risks are recorded in the strategic risk register and are risk scored, RAG rated and linked to controls in place to mitigate them as well as actions, target dates and review dates. The risk owner and the action owner are also identified as is the date of next review.

The strategic risk register is reviewed by the PCC and CC, senior management and in Joint Audit and Standards Committee (JASC) meetings. As at March 2023 there were 6 key risks in each strategic risk register and reporting to these fora included the processes by which they were being managed.

We noted that the Risk Management Strategy has not been updated since 2021/22, although we understand work was undertaken during 2023/24 to do this with updated Risk Management Policy due to be presented to the Joint Audit and Standards Committee in March 2024. We have carried forward our improvement recommendation from 2021/22 that policies are reviewed on a regular basis.

Informed decision making including the Joint Audit and Standards Committee (JASC)

Our attendance at JASC meetings confirms that members receive sufficient assurance to enable the Committee to assess whether internal controls have operated as expected.

There is an effective internal audit function in place to monitor internal controls. Internal audit (IA) services are undertaken by Warwickshire County Council (WCC). The last external assessment completed in 2023 concluded WCCIA services fully complies with Public Sector Internal Audit Standards The IA plan is set annually and progress against it is regularly monitored and also reported to JASC at each meeting. Regular update and review meetings occur between the chief finance officers and IA to manage and monitor progress during the year.

Governance continued

Informed decision making including the JASC continued

The Internal Audit Annual Report & Head of Internal Audit Opinion 2022/23 reports that 39 recommendations were raised during the year. Of these 18 (46%) are overdue for implementation as at 31 March 2023 with 14 of these being overdue for six months plus, although none of these risks are rated “fundamental” (high risk). We note that nine of the 18 overdue recommendations are rated “medium” risk. JASC monitors progress with implementation of recommendations at each meeting. Delays in implementing audit recommendations expose Warwickshire PCC and Chief Constable to ongoing risk. As such, we have raised an improvement recommendation that action should be taken to review all overdue recommendations to ensure these are implemented at the earliest opportunity, or management documents the reasons why it has decided to accept the level of residual risk and therefore will not be implementing the recommendation.

The overall assurance level for the period 1st April 2022 to 31 March 2023 is “substantial assurance” that the significant risks facing the PCC’s and CC’s respective organisations are addressed. As such, there are no significant gaps in internal controls identified from Internal Audit’s programme of work.

The Force's meeting structure ensures that papers and business cases etc are routed through the appropriate meetings for scrutiny, challenge and agreement before being presented for approval by the CC and the PCC. The Force governance structure that was in place in 2022/23 is illustrated overleaf which also demonstrates OPCC involvement and attendance, where appropriate and relevant.

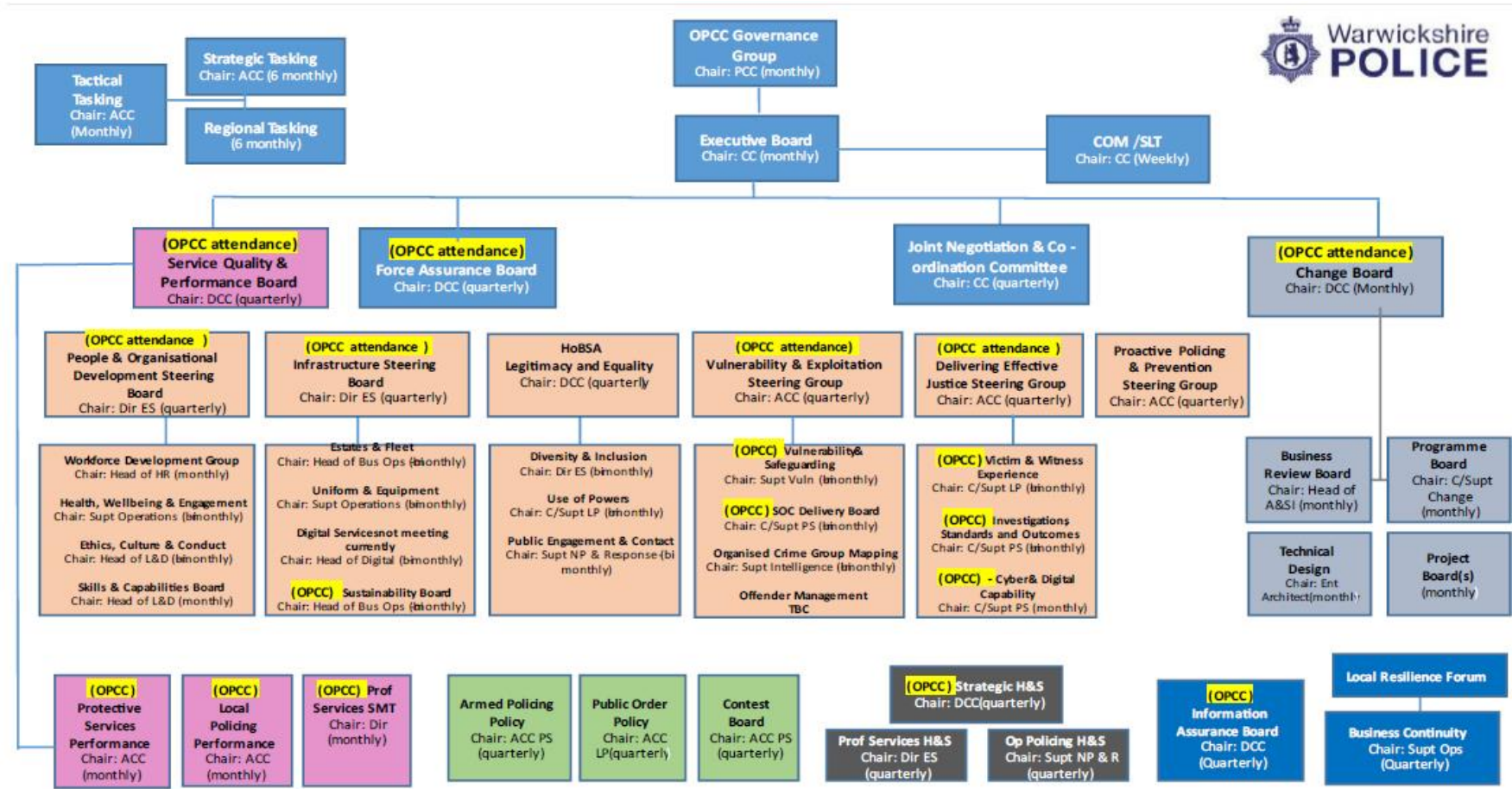
The table below illustrates that no control deficiencies were identified in the Annual Governance Statements for 2021/22 or 2022/23. Seven areas for action were identified in 2021/22 and 10 in 2022/23. We do not consider these to be “control deficiencies” rather evidence of ongoing review of the adequacy of overall arrangements in place to enhance the effectiveness of governance arrangements. For example, increase trust and confidence in Warwickshire Police, in the light of various recent national events (for example the Casey Report).

	2022/23	2021/22
Annual Governance Statement (control deficiencies)	0	0
Head of Internal Audit opinion	Substantial assurance	Moderate assurance

Governance continued

Informed decision making including the JASC continued

The below diagram illustrates the governance structure in place for the Force in 2022/23 indicating where the OPCC provides oversight and gains assurance over the Force’s governance processes.



Governance continued

Standards and behaviours

There are various policies and procedures in place which monitor and ensure compliance with legislation and regulatory standards. The public website has a section with a list of policies, which include all key policies that we would expect to see. The Joint Audit and Standards Committee consider standards compliance as part of their remit. No significant issues have been noted for the 2022/23 year.


The PCC and CC have in place a Code of Conduct for staff relevant to all staff and a Confidential Reporting Policy with related procedures. All officers, staff and special constables are required to complete an annual integrity health check which requires them to read and review policies around the Code of Ethics, Business Interests, Notifiable Associations, Gifts Gratuities and Hospitality, Systems Misuse, Drug and Alcohol misuse, Vetting (change of circumstances) and Unmanageable Debt. Warwickshire Police had 100% compliance rate in this process in 2022/23.

The OPCC requires staff to complete a register of interests declaration annually. Those staff who participate on evaluating tenders complete separate conflicts of interest forms. The OPCC Whistleblowing and Gift and Hospitality policies have recently been reviewed and have been reported to JASC for feedback prior to approval by the PCC. The OPCC structure has been reviewed and line management is now more clearly defined. We note that the Gifts and Hospitality Policy issued in 2014 was reviewed late in 2023. We acknowledge that there is an ongoing programme to review policies, but the timeliness of the review of the Gifts and Hospitality Policy indicates that our improvement recommendation made in 2021/22 to ensure that policies are reviewed and updated in line with the recommendations within the policies and on a regular basis remains relevant. We have thus carried forward the improvement recommendation.



Alongside these, registers of interests, gifts and hospitality are maintained. Our review of these confirmed that the registers and declarations are up to date.



Improvement recommendations

Improvement Recommendation 1	The OPCC and Force should ensure that policies continue to be reviewed and updated in line with the recommendations within the policies themselves and on a regular basis.
Improvement opportunity identified	Policies should be refreshed on a regular basis to ensure that current regulations and local arrangements are reflected. This will facilitate due compliance with regulation and local arrangements.
Summary findings	Our work confirmed that work is ongoing to ensure policies are reviewed on a regular basis; but we identified that the Gifts and Hospitality Policy issued in 2014 was not reviewed until late in 2022/23, and the Risk Management Strategy has not been updated since 2021/22 despite a commitment to an annual review. We understand that work was undertaken during 2023/24 to review the Risk Management policy and that this will be presented to the Joint Audit and Standards Committee in March 2024.
Criteria impacted	 Governance
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	<p>The importance of responding to and acting upon the actions raised in Internal audit reports is fully recognised, to ensure that process and service delivery is improved. The number of outstanding actions that have been identified as part of this audit, is higher, than we would like and will need to be followed up as soon as possible. The force and OPCC have processes in place to monitor progress against the internal audit actions, and these will need to be stepped up to ensure that actions are not left outstanding for any period of time.</p> <p>Where actions have purposely been delayed or are interdependent on other actions, for example the review of the risk management policy in 2022/23, these will need to be articulated accordingly.</p>

Improvement recommendations

Improvement Recommendation 2	Review the 18 overdue internal audit recommendations to implement these at the earliest opportunity, or document management’s decision for accepting the residual risk and related decision to not implement the recommendations.
Improvement opportunity identified	Failure to implement audit recommendations in a timely manner, or to identify compensating controls, results in an organisation being exposed to ongoing risk.
Summary findings	Our work identified that 18/39 (46%) internal audit recommendations raised are overdue for implementation with 14 (35%) of these being overdue for six months plus. Nine (50%) of these 18 overdue recommendations are graded medium. Recommendations are not therefore being consistently addressed resulting in exposure to ongoing risk.
Criteria impacted	 Governance
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	

Improving economy, efficiency and effectiveness



We considered how the PCC and CC:

- use financial and performance information to assess performance to identify areas for improvement
- evaluate the services they provide to assess performance and identify areas for improvement
- ensure they deliver their role within significant partnerships and engage with stakeholders they have identified, in order to assess whether objectives are being met
- where they commission or procure services assess whether they are realising the expected benefits.

Overview of Arrangements for improving economy, efficiency and effectiveness

The OPCC and CC have put in place effective arrangements to ensure economy, efficiency and effectiveness. Our review has not identified any risks of significant weakness in this area.

Use of financial and performance information to assess performance and identify improvement

A monthly performance monitoring meeting is held between the Chief Constable and the PCC (and their key staff) to consider general performance and undertake deep dives into key service areas, aided by a performance report. The performance report complements the force's 'Fit for the Future Strategy'. Each month there is an enhanced set of performance measures across one of the three pillars of that strategy, namely:

- Respond and Reassure
- Prevent and Protect
- Effective and Efficient

The performance of each pillar is assessed via different KPI's, which analyse performance through both an operational and quality lens. In the March 2023 performance report, the focus was on the 'Prevent and Protect' pillar and several KPI's are introduced within the report. Each KPI is analysed in detail with commentary on each trend, whether positive or negative. For example, total crime recorded was analysed, showing that in 2022/23, rates were showing an upwards trend, which was reflective of the national picture and this was expected due to the 'cost of living crisis' predominately driven by the increase in acquisitive crime. Financial Performance is presented alongside the performance report. We consider the content of these reports facilitates identification of areas for improvement as well as providing assurance that performance management is impactful.

An overarching performance report is provided to Warwickshire Police and Crime Panel covering progress against the PCC's Police and Crime Plan. This provides a summary of activities undertaken in support of the 5 principal objectives of the Police and Crime Plan. Aligned to this, the OPCC introduced a Quarterly Assurance Meeting during 2022/23 to assess progress against the objectives and the success measures of the Police and Crime Plan 2021-2025. From September 2022, a clear approach to monitoring has commenced, designed to ensure that there is clear evidence of the progression of the Police and Crime Plan objectives. The PCC's Annual Report for 2022/23 included the RAG ratings at Quarter 4 2022/23 as to the status of the objectives and focuses of the Police and Crime plan 2021-2025, in terms of delivering the stated success measures. This is illustrated on the next page.

Improving economy, efficiency and effectiveness continued

Use of financial and performance information to assess performance and identify improvement continued

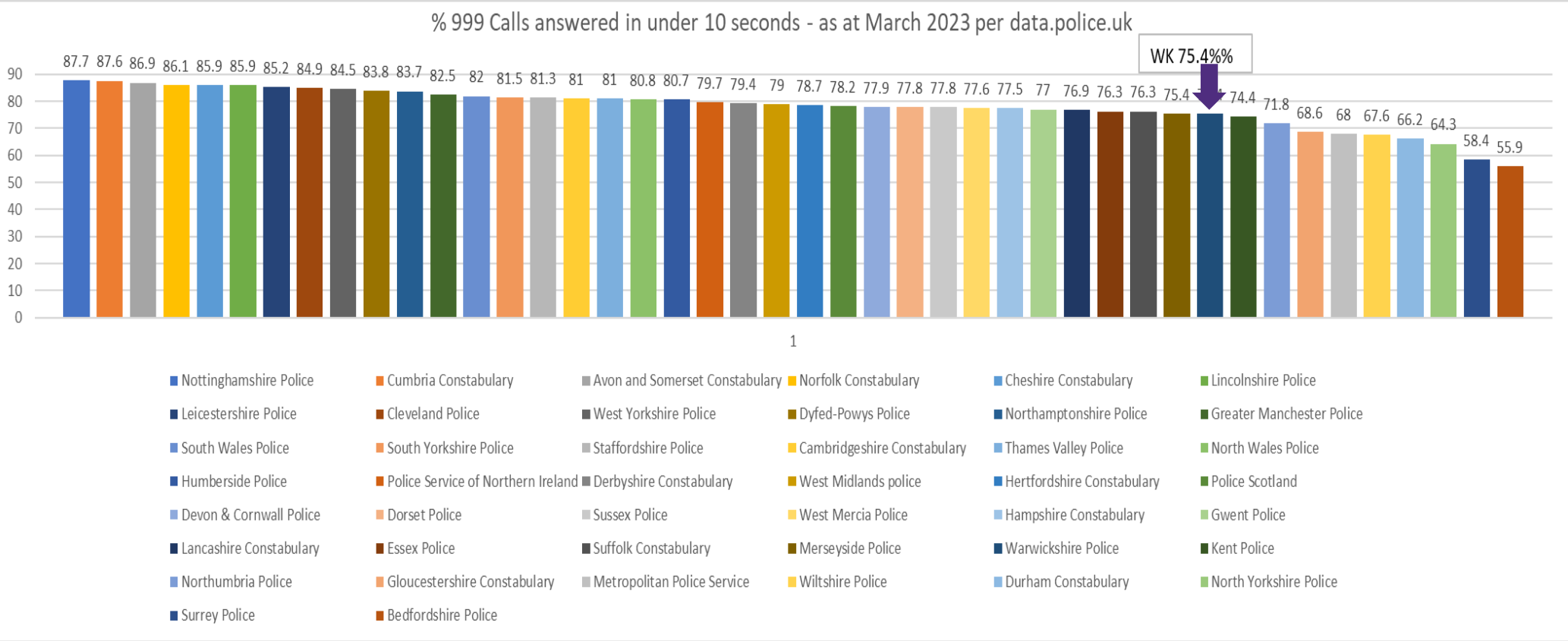
The below table provides the OPCC assessment at quarter 4 year-end as to the status of the objectives and focuses of the Police and Crime plan 2021-2025, in terms of delivering the stated success measures:

PRIORITY	Overall Rating	FOCUS AREA	
1. Fight crime and reduce reoffending	↑	1a) Violent crime	↑
		1b) Organised crime	↑
		1c) Re-offending	→
2. Deliver visible and effective policing	↑	2a) Extra officers	↑
		2b) Neighbourhood policing	→
		2c) Transforming the force	↑
3. Keep people safe and reduce harm	→	3a) VAWG	→
		3b) Vulnerability	→
		3c) Road safety	↑
4. Strengthen communities	→	4a) Involving communities	→
		4b) Crime prevention	↑
		4c) Partnership working	↑
5. Deliver better justice for all	↑	5a) Victims and witnesses	↑
		5b) Improved Communication	↑
		5c) Justice outcomes	↑

Improving economy, efficiency and effectiveness continued

Use of financial and performance information to assess performance and identify improvement continued

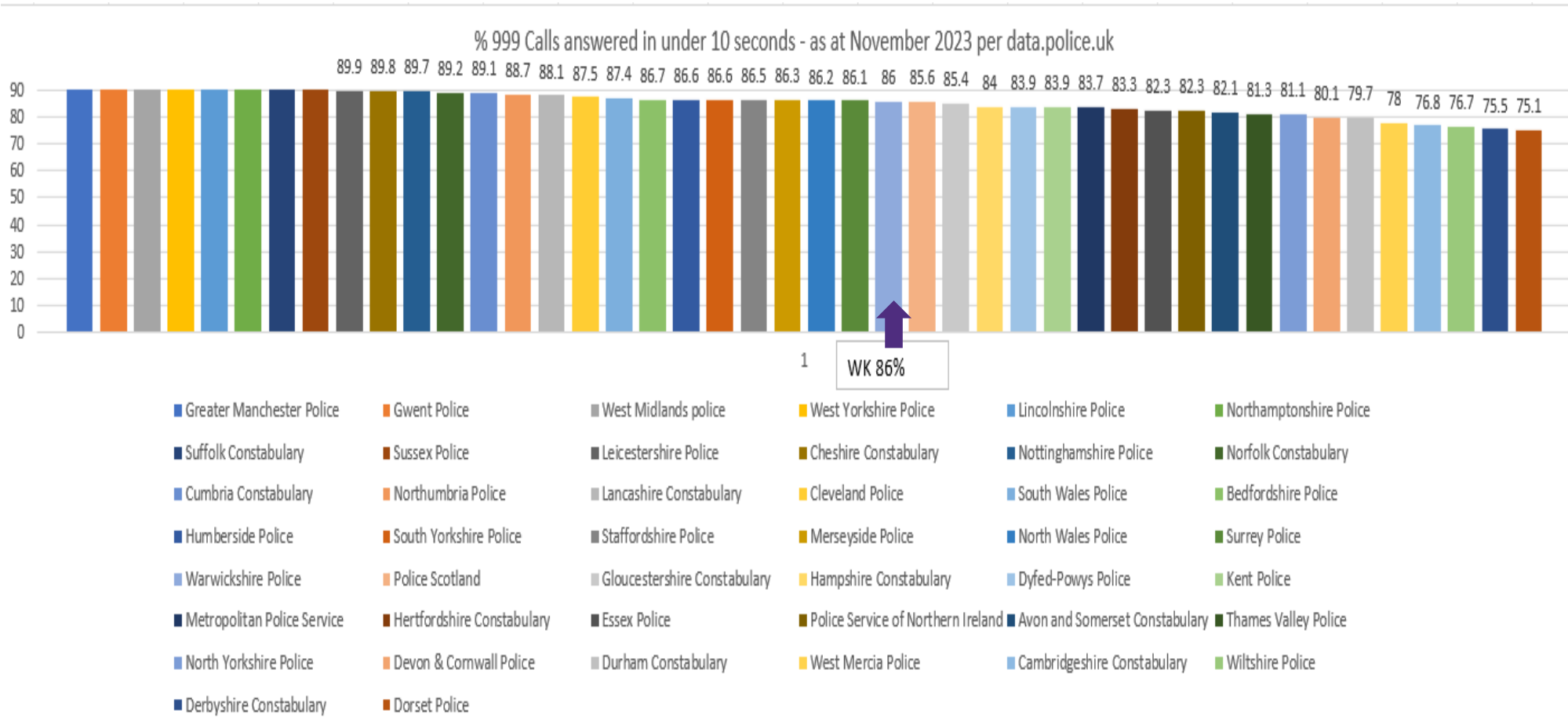
The charts below and overleaf taken from data from police.uk, shows that actions taken by Warwickshire Police supported by the PCC’s decision to invest in additional call handlers is resulting in improved performance in the % of 999 calls answered in less than 10 seconds. Performance at March 2023 was 75% and this had improved to 86% as at November 2023.




Improving economy, efficiency and effectiveness continued

Use of financial and performance information to assess performance and identify improvement continued

November 2023 call handling performance



Improving economy, efficiency and effectiveness



HMICFRS

His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) independently assesses the effectiveness and efficiency of police forces and fire and rescue services in the public interest.

They:

- Inspect and monitor the 43 territorial police forces in England and Wales reporting on their effectiveness, efficiency and legitimacy via PEEL assessments
- Work with other inspectorates within criminal justice and more broadly to address problems involving more than one agency. For example, the programme of police custody inspections with the Care Quality Commission (CQC)
- Assess and report on the efficiency, effectiveness and people of the 44 fire and rescue services in England.

External Auditors consider the outcome of PEEL assessments when performing our VFM work. Particularly in assessing Police Bodies’ arrangements to assess performance and identify areas for improvement in outcomes.

Responding to His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) PEEL Report

HMICFRS published its PEEL inspection report for Warwickshire Police in October 2022. Warwickshire Police has made adequate progress in responding to the inspection findings.

The inspection graded the Force as Adequate in 5/8 graded areas of policing; and Requires Improvement in 3/8 areas. No areas were rated as inadequate. Our attendance at Joint Audit and Standards Committee (JASC) confirms there are detailed action plans in place to respond to the findings of the inspection. Most JASC meetings receive a report “Analysis and Service Improvement – HMICFRS update” prepared and presented by the Head Analysis and Service Improvement. The report presented to the March 2023 JASC meeting reports that the 22 AFI’s (Areas for Improvement) identified in the PEEL report are spread across a number of business areas and each is owned by a Strategic Lead (Superintendent or equivalent and above).

Progress in responding to the AFIs is monitored through the various Delivery and Steering Groups and overseen by the Deputy Chief Constable at the Force Assurance Board. The Analysis and Performance – HMICFRS update presented to the September 2023 JASC meeting demonstrates overall adequate progress in addressing the 22 AFIs. 5/23 (23%) are deemed complete, 5/23 (23%) are deemed to have some progress, and 12/23 (54%) are deemed to have made significant progress.

The summary of the HMICFRS PEEL Inspection findings is illustrated below:

Outstanding	Good	Adequate	Requires improvement	Inadequate
		Preventing crime	Investigating crime	
		Treatment of the public	Responding to the public	
		Protecting vulnerable people	Managing offenders	
		Developing a positive workplace		
		Good use of resources		

Improving economy, efficiency and effectiveness continued

Partnership working and engagement with key stakeholders

The PCC and Force work effectively in partnership to deliver the Police and Crime Plan and strategic policing requirement.

Examples of this include Warwickshire Police being part of the 'Safer South Warwickshire Community Safety Partnership' and The West Midlands Regional Organised Crime Unit (WMROCU) is a collaboration between the police forces of Staffordshire, Warwickshire, West Midlands and West Mercia to fight organised crime across the region.

HMICFRS noted the impact of partnership working by the Force in reducing harm. The report stated that *"the force analyses its own data and data from partner agencies to establish high-demand and vulnerable locations, people and suspects, including repeat victims. The force regularly carries out data analysis, and appropriate information is discussed at monthly problem-solving meetings. The police data is shared with Warwickshire County Council's community safety partnership analyst, who prepares reports for monthly problem-solving meetings. The meetings are attended by other agencies and workers including rough sleepers co-ordinators, the probation service, community safety wardens, district councils and the county council. Data from several agencies is used effectively to set priorities and co-ordinate work."*

The PCC undertakes consultation of the public and key strategic partners throughout the year. The key consultation that takes place on an annual basis is in regards to the budget and the precept. A range of channels are used to engage the public and raise awareness including social media awareness campaigns, community messaging and engagement with local media and press statements. The results of these consultations are then reported on the PCC's website.

Commissioning and procurement

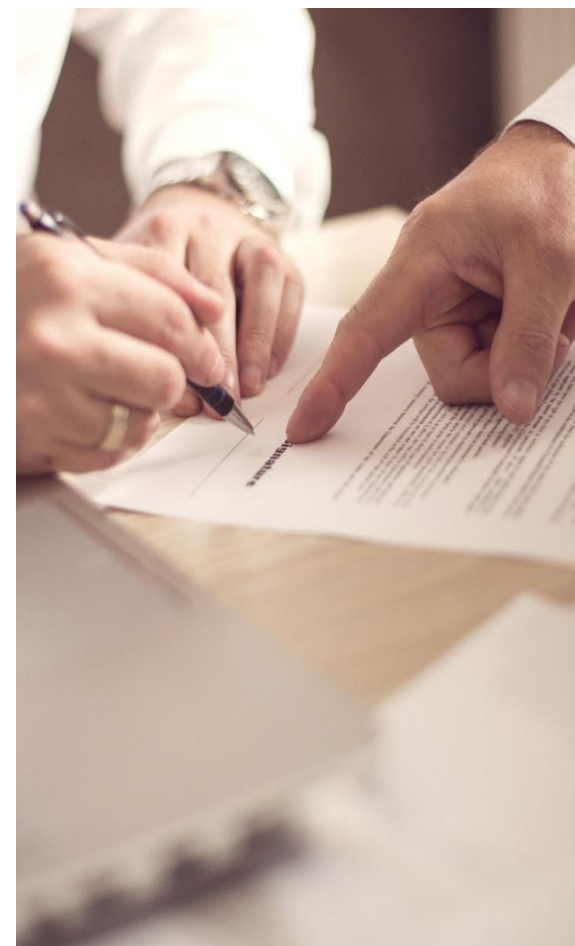
The Force has a Contracts and Procurement Strategy in place covering the period 2020-2023. This sets out the five key objectives the Force uses in its commissioning and procurement to support Warwickshire Police's vision and values. These five key objectives are:

- Maximising VFM
- Delivering Strategic Procurement
- Driving Collaboration
- Improving Knowledge and Communication
- Embedding Sustainable, Ethical & Compliant

During our work we have not identified any evidence of a failure to meet the requirements of the Contracts and Procurement Strategy.

The overall approach for procurements is that they will follow the financial regulations for procurement. The Procurement Team monitors the performance of key service providers meeting regularly with them to discuss performance. The Procurement Team also monitors procurements savings monthly as required by Policing UK. Procurement savings of £2m were achieved in the period 2022/23.

The Procurement Team also produces an annual report describing its activity during the year, savings achieved, and performance against the Contract and Procurement Strategy's key objectives. Review of this evidenced broad ongoing achievement of key objectives with actions articulated where further progress is required.



Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	The OPCC and Force should ensure that policies are reviewed and updated in line with the recommendations within the policies and on a regular basis.	Improvement	November 2022	Our work confirmed that work is ongoing to ensure policies are reviewed on a regular basis; but we identified that the Gifts and Hospitality Policy issued in 2014 was not reviewed until late in 2022/23, and the Risk Management Strategy has not been updated since 2021/22.	Ongoing	We have re-raised this recommendation to ensure that the PCC and CC remain focused on keeping policies under review. See improvement recommendation No.1.

Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the PCC and CC's financial statements:

- give a true and fair view of the financial position of the PCC and CC as at 31 March 2023 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23.

We conducted our audit in accordance with:

- International Standards on Auditing (UK);
- the Code of Audit Practice (2020) published by the National Audit Office; and
- applicable law.

We are independent of the PCC and CC in accordance with applicable ethical requirements, including the Financial Reporting PCC and CC's Ethical Standard.

Audit opinion on the financial statements

We issued an unqualified opinion on the PCC and CC's financial statements on **XXX**. The main reason for the delay past September 2023 was an adjustment that was required to be made to the police pension liability calculation by management's actuary.

The full opinion is included in the PCC and CC's Annual Report for 2022/23, which can be obtained from the PCC and CC's website.

Further information on our audit of the financial statements is set out overleaf.



Other reporting requirements



Other opinion/key findings

No issues were identified in the other information, including the Annual Governance Statement.

Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the PCC and CC's Joint Audit and Standards Committee on XXX.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts, we are required to examine and report on the consistency of the Service's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

Our work found no issues.



Appendices

Appendix A – Responsibilities of the Police and Crime Commissioner and Chief Constable

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the PCC and CC's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the PCC and CC will no longer be provided.

The PCC and CC are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B – Risks of significant weaknesses, our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the PCC and CC's arrangements for securing economy, efficiency and effectiveness in their use of resources that we needed to perform further procedures on. We did not identify any risks of significant weakness, therefore there were no areas where we needed to perform further procedures.

Appendix C – An explanatory note on recommendations

A range of different recommendations can be raised by the PCC's and CC's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the PCC and CC under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC and CC. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the PCC and CC, but are not a result of identifying significant weaknesses in the PCC and CC's arrangements.	Yes	17

