

# Audit Progress Report and Sector Update

Devon and Cornwall Police and Crime Commissioner and Chief Constable  
Dorset Police and Crime Commissioner and Chief Constable

Year ending 31 March 2020

JULY 2020



# Contents and Introduction



**Alex Walling**

**Engagement Lead**

T 0117 305 7804  
M 07880 456 142  
E alex.j.walling@uk.gt.com



**Mark Bartlett**

**Engagement Manager**

T 0117 305 7896  
M 07880 456 123  
E mark.bartlett@uk.gt.com

This paper provides the Independent Audit Committee with a report on progress in delivering our responsibilities as your external auditor.

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

Members of the Independent Audit Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the following link to be directed to the website <https://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 1 July 2020

## Financial Statements Audit

The final accounts audits began on 8 June 2020.

Due to the Covid-19 restrictions, the audits are being carried out remotely with the audit team and your finance teams working from home. The following pages sets out the impact of Covid-19 on working arrangements in more detail.

We will report the findings to you in the Joint Audit Findings Reports at your extraordinary meeting on 11 September 2020.

## Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

We have reported the significant risks identified as a result of our initial risk assessments in our Joint Audit Plans.

We will report the conclusions from our work in the Joint Audit Findings Reports at your extraordinary meeting on 11 September 2020.

## Other areas

### Meetings

We have been meeting virtually with Finance Officers fortnightly since the start of the Covid-19 lockdown to ensure that arrangements for the audit were clarified in a fast moving situation. We are now meeting monthly since the audit commenced. We also continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

### Events

We will keep you informed of upcoming events and ensure that invitations are circulated to both management and the committee. Plans are currently on hold as we continue to work remotely.

# COVID-19 Update

## Impact on working arrangements:

- following the government's announcement on Monday 16 March, we have closed our offices for the foreseeable future and your audit team are now working from home
- we will therefore likely be working remotely during the accounts audit and have discussed the logistics of these arrangements with the finance team.
- although there are some audit tasks which are best undertaken in person, the majority of the audit will be able to be completed remotely. This is however likely to make the audit process longer. We will work closely with the finance team to make this different way of working as efficient as possible.
- we acknowledge there may need to be further changes to planned audit timings due to potential illness within the audit team or the finance team and due to the further developments of COVID-19.

## Impact on accounts and audit opinions

The following sets out a number of the key issues which finance teams will need to consider as part of the year end closedown.

- Impact on reserves and financial health and whether the audited body needs to provide additional disclosures that draw attention to a Material Uncertainty around Going Concern.
- Impact on collectability of debt and assumptions made in bad debt provisions.
- Impact on post-balance sheet events (the consequences of the virus post 31 March 2020 will generally be non-adjusting post balance sheet events but some form of disclosure may be needed).
- Disclosure of impact in annual report.
- Disclosure of critical judgements.
- Disclosure of material estimation uncertainties.
- Impact on the content of the Annual Governance Statement, particularly with regards to risks, controls and mitigation.
- Considerations in respect of service continuity and disaster planning arrangements (this could impact on the VfM conclusion).
- Impact on reporting to those charged with governance and signing arrangements.

## Regulatory changes

CIPFA adopted a small number of presentational changes to its Accounting Code of Practice for 2019/20. The changes which are now proposed to the Code, for example around disclosure, will have only a marginal impact on the audit.

The Government accounting Financial Reporting Advisory Board (FRAB) has deferred the implementation of IFRS 16 by a year. Whilst IAS 8 disclosures will be required, this change will lead to some reduction in preparatory work required.

Finally, the publication date for the draft accounts has been revised to 31 August and a target date for publication of audited accounts to 30 November. Whilst flexibility in moving away from July is welcome, a number of bodies have highlighted the risk that a delayed closedown process could impact on their budget programme for 2021/22.

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# Audit Deliverables

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2019/20 Deliverables	Planned Date	Status
<b>Fee Letters</b> Confirming audit scale fees for 2019/20.	April 2019	Complete
<b>Joint Audit Plans</b> We are required to issue detailed accounts joint audit plans to the Independent Audit Committee setting out our proposed approach in order to give a opinions on the Group, Police and Crime Commissioner and Chief Constable 2019/20 financial statements for Dorset and Devon and Cornwall.	April 2020	Complete
<b>Interim Audit Findings</b> We reported to you the findings from our interim audits within our Progress Report.	April 2020	Complete
<b>Joint Audit Findings Report</b> The Joint Audit Findings Reports will be reported to the Extraordinary Independent Audit Committee in September.	September 2020	Not yet due
<b>Auditors Reports</b> These are the opinions on your financial statements, annual governance statements and value for money conclusions.	September 2020	Not yet due
<b>Joint Annual Audit Letters</b> These letter communicates the key issues arising from our work.	October 2020	Not yet due

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# Sector Update

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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:

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Public Sector

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

Police

## COVID-19 Update

Consultation on the proposed police inspection programme and framework for 2020-21: Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) had launched a consultation on its proposed police inspection programme and framework for 2020-21 which was scheduled to run until April 2020. The consultation deadline has been extended indefinitely due to the Coronavirus pandemic. HMICFRS also suspended all inspection work requiring contributions from police forces and fire and rescue services until further notice.

# National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

## Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO consulted on potential changes to the Code in two stages:

**Stage 1** involved engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO stated that they considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this informed the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)

**Stage 2** of the consultation involved consulting on the draft text of the new Code. To support stage 2, the NAO published a consultation document, which highlighted the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. The draft Code includes three specific criteria that auditors must consider:

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

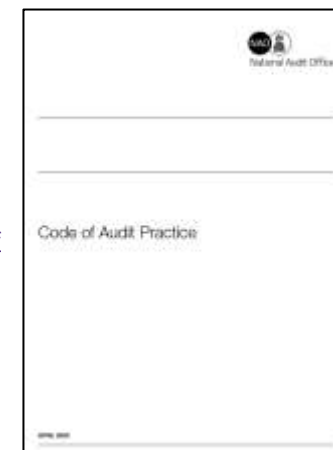
The auditor will be required to provide a commentary on the arrangements in place to secure value for money. Where significant weaknesses are identified the auditor should make recommendations setting out

- Their judgement on the nature of the weakness identified
- The evidence on which their view is based
- The impact on the local body
- The action the body needs to take to address the weakness

The consultation document and a copy of the new Code can be found on the NAO website. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the new Code:

[https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code\\_of\\_audit\\_practice\\_2020.pdf](https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf)





The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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