

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

January 2021



Contents and Introduction



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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 January 2021

Financial Statements Audit

We reported to the Extraordinary Independent Audit Committee meeting in September that we were intending to issue unqualified opinions in respect of the PCC and Chief Constables for both Devon & Cornwall and Dorset.

At the time of drafting this report, we are still not currently able to issue our audit opinions due to outstanding queries that are being resolved in respect of our audit work.

One of the outstanding queries is in respect of the Assurance Letter from the auditor of the Dorset Pension Fund.

Subject to the satisfactory receipt of outstanding evidence and resolution of these issues we anticipate being in a position to issue the opinions this month. We will update the Committee on the current position at its meeting.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the “few improvements needed” (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have previously discussed this with your Chief Finance Officers (CFOs) including any proposed variations to the Scale Fee set by PSAA Limited and have communicated fully with Those Charged with Governance.

In October 2020, we wrote to the s.151 officers indicating that, due to Covid, our audits were taking longer than in previous years. This is a similar picture to the experiences in both the NHS and corporate world. We are mitigating this as far as possible through reduced travel time and travel costs and will be looking how we can absorb some of the remaining overrun ourselves. However, it is possible that this will not be sufficient to cover the full additional cost. It is too soon to estimate whether there will be any additional cost to your audits and we will remain in dialogue with the CFOs.

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

Progress at January 2021

Value for Money

We reported our VFM work for 2019/20 work in the Joint Audit Findings Reports to the Extraordinary Independent Audit Committee meeting in September. We plan to give unqualified VFM conclusions when we are in a position to issue the audit opinions.

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money (VFM).

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Further information is included in the Sector Update section.

Further detail on the NAO's revised approach to VFM work can be found here: <https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2019/12/AGN-03-Auditors-Work-on-Value-for-Money-Arrangements.pdf>

Other areas

Meetings

We last met (virtually) with Finance Officers in January 2021 as part of our ongoing audit liaisons. We continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective; especially given the need to work remotely.

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.

Audit Deliverables

2019/20 Deliverables	Planned Date	Status
Fee Letters Confirming audit scale fees for 2019/20.	April 2019	Complete
Joint Audit Plans 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
Interim Audit Findings We reported to you the findings from our interim audits within our Progress Report.	April 2020	Complete
Joint Audit Findings Report The Joint Audit Findings Reports were reported to the Extraordinary Independent Audit Committee in September.	September 2020	Complete
Auditor's Reports These are the opinions on your financial statements, annual governance statements and value for money conclusions.	January 2021	In progress
Joint Annual Audit Letters These letters communicate the key issues arising from our work.	February 2021	Will be issued within one month of the audit opinions.

Sector Update

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

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

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

- [Grant Thornton Publications](#)
- [Insights from sector specialists](#)
- [Accounting and regulatory updates](#)

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

A teal rectangular button with the text "Public Sector" in white, sans-serif font centered within it.

Public Sector

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

Police

Home Office

100,000 apply to join police in first year of recruitment drive

More than 100,000 people have applied to become police officers one year into the Government's recruitment drive.

Provisional data from forces across England and Wales shows they have received almost 101,000 applications between October and August, as part of plans to sign up 20,000 additional officers over the next three years.

Home Secretary Priti Patel said: 'This year we have seen people come together in the face of adversity to serve their communities in response to the pandemic. It is clear the national emergency has inspired people across the country to become part of our brave, selfless police family.'

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

Home Secretary appoints former Chief Constable to support police recruitment

A former Chief Constable with more than 30 years' experience in front-line policing has been appointed by Home Secretary Priti Patel to challenge and support the Home Office as it recruits 20,000 extra officers, tackles violent crime and restores public confidence in the criminal justice system.

Michael Fuller, who has been appointed as a non-executive director of the Home Office, is also keen to help the department increase diversity in the police and to implement the recommendations of the Wendy Williams Lessons Learned Review following Windrush.

He is one of five new non-executive directors who will work closely with ministers and officials to support the delivery of the department's commitments.

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



Home Office

Other News

A force for change: Policing after the pandemic

In July, the Chancellor introduced the first Comprehensive Spending Review since 2015. He did so amid the most challenging fiscal period in the post-war era.

Taking steps to cut crime was originally at the centre of the Government's priorities. The pledged increase of 20,000 officers and a new National Policing Board with an outcomes framework has signalled a genuine shift in approach to law and order. The original spending review planned to invest to drive down today's crime and future proof the response to tomorrow's challenges.

The investment in policing is more important than ever as the service helps the public navigate the pandemic and the significant impact that the deep economic shock is having on communities.

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

The logo for Policinginsight, with 'Policing' in blue and 'insight' in red.

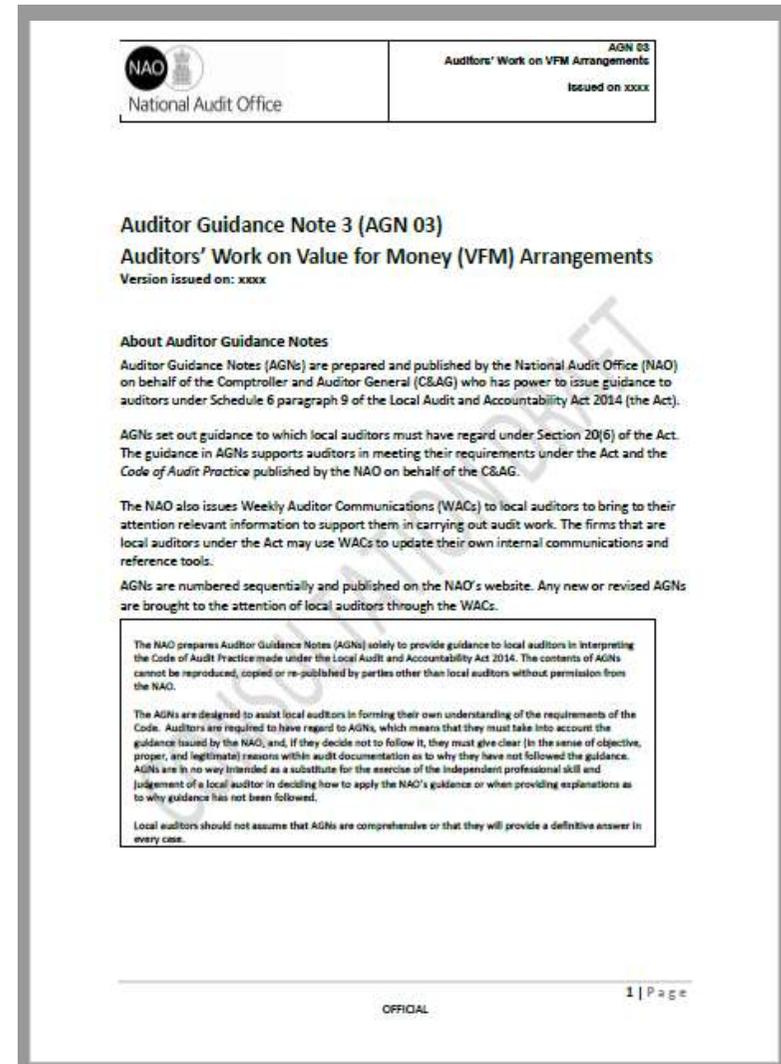
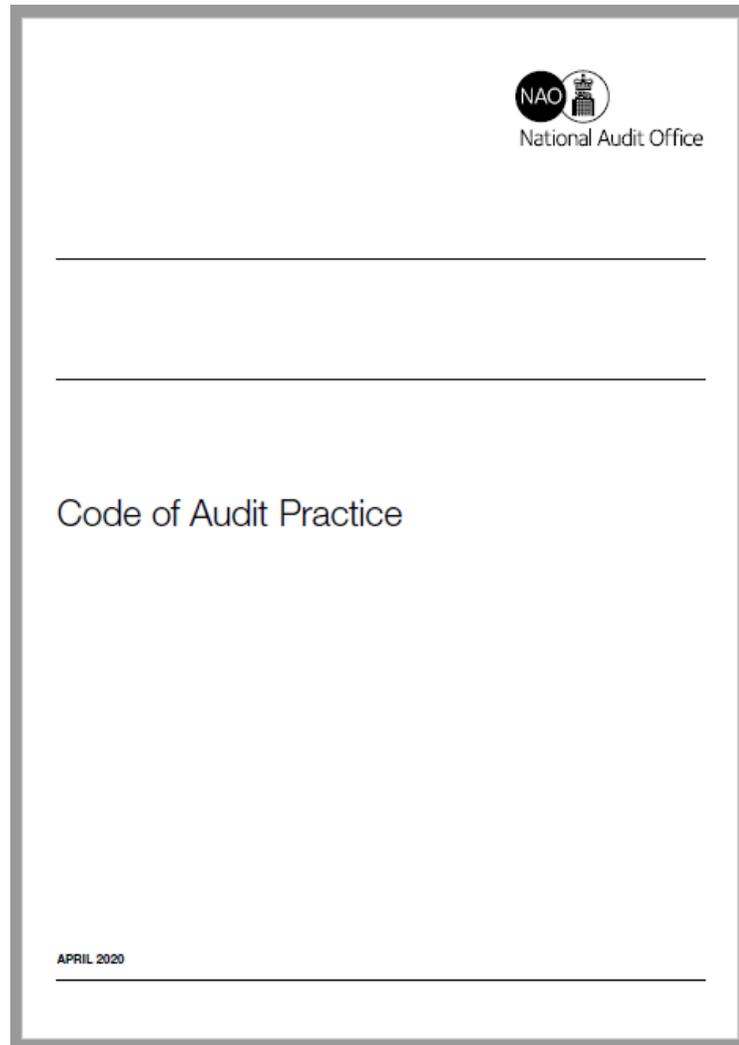
Value for money

Update on new arrangements

2020/21



How has the NAO changed value for money work ?



How is value for money work changing ?



VFM arrangements commentary and recommendations

The three criteria have changed...



Governance

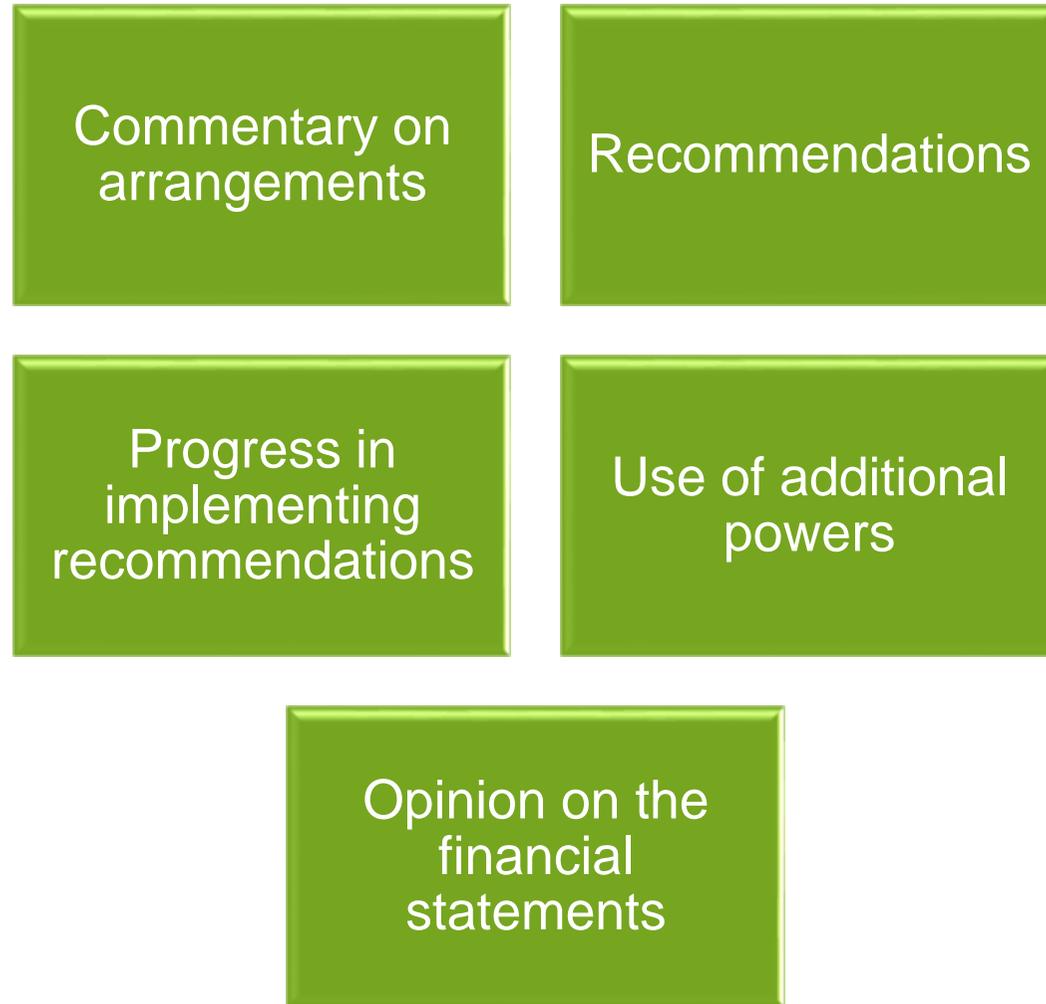
Financial sustainability

Improving economy, efficiency and effectiveness

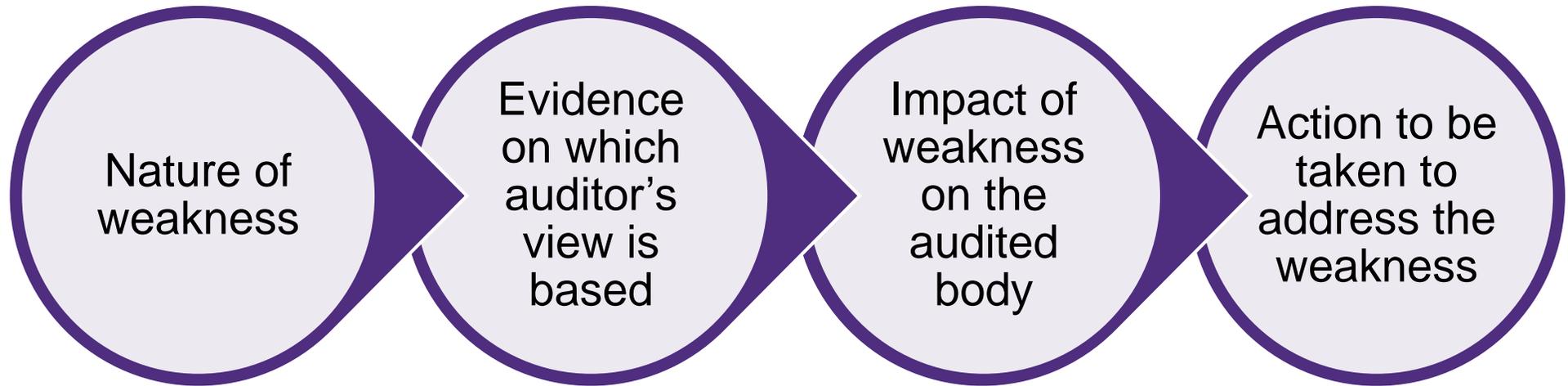
A key change in reporting...



So what is in an Auditor's Annual Report ?



Recommendations



Practical implications

The new approach is more complex, more involved and will lead to better quality working achieving more impact. Before beginning work, we will discuss with you:

- Timing
- Resourcing
- Fees

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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