

# The Police and Crime Commissioner for Lancashire and The Chief Constable of Lancashire Constabulary

## Audit Progress Report and Sector Update

Year ending 31 March 2023

September 2023



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# Key Grant Thornton team members

## Michael Green

Engagement Lead

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Michael will have ultimate responsibility for the delivery of your audit service. Specifics of the role include:

- leading our relationship with the Police and Crime Commissioner and Chief Constable, ensuring you have access to Grant Thornton's full service offering;
- being a key contact for the Joint Chief Finance Officer and the Joint Audit Committee (JAC) meeting frequently with key members of management;
- taking overall responsibility for delivering high quality audits which meet professional standards;
- agreeing with you the annual joint audit plan, and a timetable for delivering the work;
- reviewing the audit file, giving particular focus to any key areas of risk or critical judgements exercised during the audits;
- reviewing and signing off all audit reports;
- attending JAC to discuss key issues arising from our work and any recommendations;
- acting as a 'sounding board' on key decisions relevant to our responsibilities as your auditors; and
- sharing good practice identified at other organisations.

## Gareth Winstanley

Manager

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Gareth will ensure that all work allocated is carried out on a timely basis in accordance with the firm's professional standards and to the satisfaction of clients and engagement lead.

As the key contact Gareth will be responsible for building and maintaining good working relationships with all colleagues and clients.

To support delivery of the testing strategy he will:

- assist the engagement lead in establishing audit objectives and overall scope;
- ensure key matters which arise during the audits which were not identified at the planning stage are properly assessed and dealt with;
- review the work of in-charge auditor and the wider fieldwork team;
- finalise our draft reports to management;
- manage, motivate and coach team members; and
- control the audits in relation to timescales, budgets and risk management procedures.

## Edward Blackburn

Audit In-Charge

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E edwrds.j.f.blackburn@uk.gt.com

Edward will work as part of the team, leading the on site audit team, providing a service which meets or exceeds client expectations and supports the engagement lead / manager team. Specifics of the role include:

- taking an active part in the audit planning discussions to identify audit risks and appropriate audit strategy;
- communicating any issues relating to the audit with the engagement manager or engagement lead;
- overseeing all aspects of audit fieldwork and completion;
- addressing and discussing queries in respect of technical and audit issues identified during the course of the audit;
- maintaining good working relationships with client staff; and
- delegating work to other members of the audit team, ensuring they understand their responsibilities and have received appropriate on-the-job training / coaching.

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# Introduction & headlines

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This paper provides the Joint Audit and Ethics Committee with a report on progress in delivering our responsibilities as your external auditors

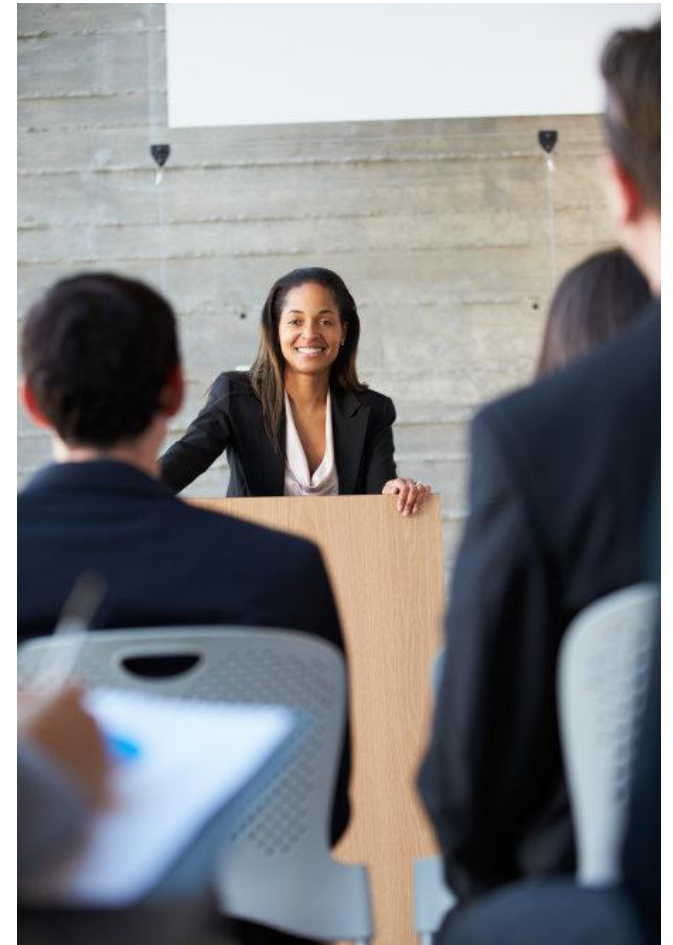
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Joint Audit and Ethics 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.

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.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the police sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.



# The auditor's statutory responsibilities

## Opinion on the audited body's financial statements

Our work enables us to give an opinion as to whether the financial statements:

- give a true and fair view of the financial position of the audited body and its expenditure and income; and
- have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards and other directions.

Our planning will document our understanding of your key risks, your control environment and inform our testing strategy. This will continue until we begin our final accounts testing.

Since we last reported we have:

- continued to have regular discussions with management discussing issues identified in previous audits, and emerging themes which are expected to impact on the current audits;
- reviewed meeting papers and the latest financial and operational performance reports ensuring we understand your current challenges;
- considered any reports from regulators regarding your operational effectiveness;
- provided training for new members of the audit and ethics committee on the role of the external auditor.

We aim to conclude our final accounts audit in the autumn and summarise our work in the Audit Findings Report.

## Work on value-for-money arrangements

Under the 2020 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Police and Crime Commissioner and Chief Constable “has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.”

Our initial risk assessment will build on our understanding of your arrangements, taking into account any findings from previous work on value for money. We reported our risk assessment to you as part of our 2021/22 Audit Plan for 21/22 against the following reporting criteria:

- 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.

We keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you. Our final commentary in the Auditors' Annual Report will include:

- a summary of our findings on any risks identified during our work;
- our judgements on the adequacy of the Police and Crime Commissioner and Chief Constable's arrangements for each of the three reporting criteria, as set out above;
- any recommendations made to management as a result of our work; and
- a follow up of progress against any recommendations raised in previous audits.

# The auditor's statutory responsibilities

## Other responsibilities

We are required to give an opinion on whether:

- other information published together with the financial statements is consistent with the financial statements.

We are also required to:

- consider whether the Annual Governance Statement complies with relevant disclosure requirements and whether it is consistent with the information we are aware of from our audit; and
- examine and report on the consistency of 'Whole of Government Accounts' consolidation schedules with the financial statements.

We will complete this work as part of our financial statements visit.

## Other statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audits.

Our work to date has not required us to report any such matters to you.

## Added value

Grant Thornton has a large Public Sector practice and is a key supplier to the market. As a valued audit client, you will receive:

- the opportunity to access support from experienced technical colleagues. This means you will be at the forefront of accounting developments. Through this relationship we also ensure that communication works both ways and feed issues back from our clients.;
- insight from our regular meetings within the sector where we discuss emerging developments. We will also raise any areas of concern that you have over policy, procedure, or regulation with your regulators; and
- technical and sector updates for the Joint Audit and Ethics Committee.



# Progress at September 2023

## Financial Statements Audit 2021/22

In August 2022 we issued a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2021/22 financial statements.

Following the delay in completion of the 2020/21 audit, our audit of the financial statements for 2021/22 was delayed and commenced in early 2023. Completion of the audit has been delayed due to issues identified in the valuation of land and buildings and the publication of the triennial valuation of the Local Government Pension Scheme in March 2023. Both of these issues have taken time to resolve and result in changes to the financial statements. Work on the audit was also paused during the NHS audit season from May to the end of June.

We are currently working with management to finalise the financial statement audit which we hope to achieve by the end of September.

Following completion of the 2021-22 audit, we will begin our work for 2022-23 which we aim to conclude by 31 March 2024.

Since we last reported we have:

- engaged a valuation expert Wilks Head Eve to review the work undertaken by your finance team and valuer in assessing the likely impact of recent property plant and equipment valuation movements on those assets which were not valued by the valuer during 21/22, to determine the likelihood of a material misstatement. We are currently reviewing the valuation expert's work and awaiting further information from your finance team.
- restarted work on our audit of your 2021/22 financial statements including having regular discussions with management discussing issues identified so far and identification of remaining work to be undertaken;

- obtained updated actuary reports to reflect the impact of the 31 March 2022 Local Government Pension Scheme (LGPS) triennial valuation. When the draft 2021/22 accounts were prepared, the 2019 LGPS triennial valuation informed key judgements and estimates underpinning the measurement of the defined benefit liability. The publication of 31 March 2022 LGPS triennial valuations, in March 2023 is an event after the 2021/22 reporting period which needs to be considered, and therefore revised actuarial reports were obtained.

We are currently working through the impact of the triennial valuation, but initial findings indicate a material reduction in the LGPS Liability.

## Value for Money

We issued our interim Auditor's Annual Report in May 2023 and will issue our finalised report later in 2023. The interim Report did not identify any significant weaknesses in arrangements and no key recommendations were made. We do not anticipate this position to change in the final report.

## Audit Fees

The proposed audit fees for 2021-22 were set out in our Audit Plan dated 11 August 2022. A number of matters have arisen during the audit that were not anticipated in setting the initial fee, leading to additional work being performed. We have therefore proposed a number of additional fee variations that are set out in the detailed analysis on page 8.

Fee variations are subject to formal approval by PSAA.

# Audit fees – detailed analysis

The table below provides a detailed breakdown of the anticipated final fees for the 2021-22 audit including the fee proposed in the Audit Plan and the variations resulting from additional issues identified during the audit. The proposed fees have been discussed with management and are subject to PSAA approval.

	CC	PCC
<b>2021/22 Scale fee published by PSAA</b>	<b>£14,438</b>	<b>£27,269</b>
Additional work on Value for Money (VfM) under the new NAO Code	£2,000	£7,000
Increased audit requirements of revised ISA 540	£437	£1,200
Enhanced audit procedures on journals testing	£1,000	£2,000
Raising the bar/ regulatory factors	£0	£1,875
Net pension liability valuation	£2,813	£-1,000
Enhanced procedures relating to valuation of land and buildings	£0	£1,312
<b>Total fee per Audit Plan (excluding VAT)</b>	<b>£20,688</b>	<b>£39,656</b>
<b>Additional fee variations arising from issues identified during the audit</b>		
Additional audit quality requirements of a Major Local Authority audit (gross expenditure exceeding £500m)	£500	£1,000
Response to the LGPS triennial valuation and impact on net pension liability	£4,000	£2,000
Auditor valuation expert to support review of land and buildings valuation	£0	£2,000
Additional work relating to valuation of land and buildings	£0	£3,000
<b>Total 2021-22 audit fee proposed (excluding VAT)</b>	<b>£25,188</b>	<b>£47,656</b>



# 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 the button.

Public Sector

# Home Office



Home Office

## Courts operate at full throttle to cut delays

The Crown Court will work at maximum capacity for the third year running to reduce waiting times to deliver access to justice. The decision to continue not to cap judicial 'sitting days' will mean the Crown Court can hear the highest possible number of criminal cases this year.

Court buildings across the country will also benefit from £220 million for essential modernisation and repair work across the next 2 years, meaning annual investment will increase to £120 million by March 2025 - to minimise disruptions caused by old buildings. These improvements will maintain the heritage of the estate while ensuring it is equipped with the latest technology to deliver modern justice, as well as improving accessibility for all court users. The announcement builds on the 24 Nightingale courtrooms - opened as temporary spaces to boost capacity following the pandemic - that have remained open in 2023.

The Crown Court worked for more than 100,000 sitting days across the country last year after the caps in place before the pandemic were removed. It heard cases for more than 98,500 days in 2021/22 after the Ministry of Justice first lifted the cap, compared to around 82,000 in 2019/20. In May and June this year, criminal courts dealt with thousands more cases compared to previous months as judges, court staff and those across the legal profession worked to tackle the outstanding caseload. Over 10,000 days were sat in March alone - the most days in a single month since July 2015.

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

# Home Office



Home Office

## New inspectors of police and fire service appointed

Home Secretary Suella Braverman has announced the appointments of Lee Freeman KPM and Michelle Skeer QPM as new inspectors of police and fire and rescue services. They will both take up the dual roles of His Majesty's Inspector of Constabulary in England and Wales and Inspector of Fire and Rescue in England.

Since May 2017, Mr Freeman has been Chief Constable of Humberside Police. In January 2019, he was asked to support Cleveland Police as interim Chief Constable during a period of crisis. He also served as a police officer at Lincolnshire Police between February 2010 and April 2015, reaching the rank of Assistant Chief Constable. Mr Freeman was awarded the King's Police Medal in 2023.

Since March 2018, Mrs Skeer has been Chief Constable of Cumbria Constabulary, having joined the force in 1990. She performed a variety of operational roles before moving to the criminal investigation department where she held roles at every rank and led on both public protection and serious crime operations. Mrs Skeer was awarded the Queen's Police Medal in 2017.

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

# Home Office



Home Office

## Number of police officers protecting our streets at record high

There are more police officers in England and Wales than ever before, new figures published by the government confirm.

The government has delivered on its 2019 manifesto commitment to recruit 20,000 additional police officers by March 2023. This brings the total number to nearly 150,000 officers, more than 3,500 higher than the previous peak in 2010.

Police forces are now more representative of the diverse communities they serve, with over 53,000 female officers (35.5%) and over 12,000 (8.3%) from an ethnic minority background – both also at record highs. Whilst there is more progress to be made, thanks to the Police Uplift Programme there has been a 43% increase in the number of ethnic minority officers in England and Wales since the start of the recruitment drive.

This landmark recruitment drive is a core part of this government's commitment to drive down crime. Progress is being made, with crime falling in England and Wales by 50% since 2010, excluding fraud and computer misuse. Since March 2020 theft has reduced by 20%, homicides and knife crime by 8% and domestic burglary by 30%.

But the government also recognises that more must more progress must be made. The Home Office recently announced changes to crime recording, reducing paperwork burdens that the NPCC estimate could free up a potential 443,000 hours of police time a year. The Home Office are also working with partners to make sure police only attend mental health incidents they need to, such as where there is a risk of serious harm or criminality, so time and resources are focused on policing.

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

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# HMICFRS

## New police performance data published

Data about police performance has been consolidated and made available.

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) has worked closely with the National Police Chiefs' Council (NPCC), Association of Police and Crime Commissioners (APCC), College of Policing, National Crime Agency (NCA) and Home Office to publish the new public-facing Digital Crime and Performance Pack.

The data shows the performance of all 43 police forces in England and Wales against the measures in the Government's beating crime plan, including homicide and burglary.

The reports can be found [here](#).



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# HMICFRS

## Policing is making progress in some areas, but forces still need to get a grip on performance

In a new report, His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) has highlighted police forces' progress in recording crime, increasing from an estimated 80.5 per cent of all crime being recorded (excluding fraud) in 2014 to 92.4 per cent at the end of 2021/2022 inspections.

However, the inspectorate has found that too many forces are failing to properly understand and manage their own performance, meaning they don't know what issues are most important to tackle and where and how they can improve.

Inspectors highlighted several other issues that policing needs to address to improve the service they provide to the public. These include:

- too many forces make decisions based on poor data or insufficient analysis of data;
- forces too often have knee jerk reactions to long term problems and don't work proactively enough to prevent issues arising in the first place;
- first-line supervisors are critical to improving performance and developing the right culture in forces, but they are not getting the investment and support they need;
- the public is too often being failed at the first point of contact, with long call delays, in particular non-emergency 101 calls; and
- the workforce is increasingly under-resourced and under skilled, with forces not doing enough to understand why such a large proportion of its workforce are leaving and having any plans in place to tackle it.

The report can be found [here](#).



# Delayed publication of audited local authority accounts

In December 2022 there were over 600 local audit opinions outstanding. This means that many stakeholders can't rely on audited accounts to inform decision making – a significant risk for governance and control.

Local authority accounts are becoming increasingly complex as accounting standards evolve and local authorities enter more and more innovative financing arrangements and income generation projects. A significant challenge in managing local audits is the differing needs of various stakeholders. The local government sector, central government and regulators need to agree on the purpose of local audit and find a consensus on improving efficiency in publishing accounts. Grant Thornton has produced a report that explore the reasons for delayed publication of audited local authority accounts.

Table 1 below illustrates the declining performance against the target date for publication of audited accounts in recent years.

**Table 1 Audited accounts published by target date over the last six years**

Financial year	Deadline for publication of unaudited accounts	Target date for publication of audited accounts	% audited accounts published by target date (all firms average)	% audited accounts published by target date (Grant Thornton audits)
2016/17	30 June 2017	30 September 2017	95	97
2017/18	31 May 2018	31 July 2018	87	91
2018/19	31 May 2019	31 July 2019	58	65
2019/20	1 September 2020	30 November 2020	45	54
2020/21	1 August 2021	30 September 2021	9	12
2021/22	1 August 2022	30 November 2022	12	20

## About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



# Delayed publication of audited local authority accounts

## What more can be done?

All key stakeholders in the local audit system will need to continue their efforts to secure improvement and a return to high levels of compliance with timely publication of audited accounts. The report explores several of the causes of delay and steps which might be taken to reduce the incidence of delays.

These steps relate to systems leadership, holding both authorities and auditors to account for their performance, a continued focus on the quality of accounts preparation and audit, and the effective engagement between auditors and audited bodies.

The report makes 20 recommendations for improving timeliness in publishing audited accounts.

The report also sets out a checklist which management and the audit committee should consider. The report recommends DLUHC, CIPFA or the FRC set out expectations for the system as a whole.

[Click here for full report](#)

## About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023





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# Stonewall Gold Employer: GT's LGBTQIA+ inclusion journey

## Background

15 Feb 2023, Stonewall, Europe's largest charity for Lesbian, Gay, Bi, Trans, and Queer (LGBTQIA+) rights, launched its widely anticipated Top 100 Employers List – recognising us for our work in supporting LGBTQIA+ colleagues to be the best versions of themselves at work and awarding us Gold Employer, the highest award.

We're proud to announce that we've ranked among the UK's leading employers from the public, private, and third sectors in the Stonewall Workplace Equality Index (WEI). We've also been recognised as a Gold Employer. Overall, we've ranked 38th in the latest WEI results, and 26th in the private sector, and 9th in the financial services sector.

# Sustainability: Finance at the heart of decision making

In November 2022 CIPFA published an article on public sector specific response to climate change. Below is an extract from CIPFA's website:

## “Role of the finance profession

Finance and accounting professionals need to move beyond simply measuring and reporting the impact of climate change, environmental regulation, supply chain pressure and rising energy costs. They must focus on understanding those implications and integrating them into financial management and business planning. The ability to integrate climate risks into overall operational risks is a major challenge. The finance profession will need to be able to collect data from different professions (scientists, valuation experts, biologists, meteorologists etc) and be able to understand but also challenge assumptions and projections. The importance of effective communication to both internal and external stakeholders must not be underestimated. Climate reporting should result in decision makers having all the information necessary to be effective, to measure progress and to hold those responsible to account.

Opportunities and risks must be identified and stress tested using various scenarios, including temperature rises of 2C and more. The impact of collapsed ecosystems must not be ignored – from rising sea levels to food scarcity and the mass migration of people whose land is no longer inhabitable. We need honesty, transparency and above all leadership to tackle the climate issues that exist and lie ahead.

## Conclusion

The current focus on net zero emissions by 2050 misses the point that climate change is already happening. There is an urgent need for adaptation measures to be introduced that allow the UK to live with higher temperatures, wetter winters and warmer, drier summers. At the moment we are severely under prepared.

This is a call for urgent action from government, both at central and local level. The IPCC recommended threshold of limiting temperature rises to 1.5C is set to be broken. Temperature rises above 2.5C will mean ecosystems will collapse which will have severe repercussions on our society as a whole.

CIPFA and ICAEW share the view that the finance function has an important role to play in combating climate change. We would like to see the finance profession taking the lead for the public sector in its efforts to tackle climate change”.

[Click here for link to the article](#)



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