

# Audit Progress Report and Sector Update

Lancashire Police and Crime Commissioner and Chief Constable  
Year ending 31 March 2018

13<sup>th</sup> June 2018



# Contents and Introduction

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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 auditor.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

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. 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.

## Contents

|                                       |   |
|---------------------------------------|---|
| <a href="#">Progress at June 2018</a> | 3 |
| <a href="#">Audit Deliverables</a>    | 4 |
| <a href="#">Sector Update</a>         | 5 |

# Progress at June 2018

## Financial Statements Audit

We have issued a Joint Audit Plan, setting out our proposed approach to the audit of the Police and Crime Commissioner's and Chief Constable's 2017/18 financial statements.

Our interim fieldwork is complete and included:

- Updated review of the control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

The statutory deadline for the issue of the 2017/18 opinion is brought forward by two months to 31 July 2018. The final accounts audit began on the 4th June with findings due to be reported in our Audit Findings Report in July 2018.

## 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 PCC and Chief Constable have 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 undertook made our initial risk assessment to determine our approach in December 2017 and reported this to you in our Joint Audit Plan.

We will report the outcomes of our work in the Joint Audit Findings Report and will give our Value For Money Conclusions prior to the deadline of 31 July 2018.

## Other areas

### Meetings

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

### Events

We provide a range of workshops, along with network events for members and publications to support the PCC and Chief Constable. Our latest events is the Police Audit Conference which is planned for 12 July 2018.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

# Audit Deliverables

| 2017/18 Deliverables  | Planned Date | Status      |
|---|--------------|-------------|
| <b>Fee Letters</b><br>Confirming audit fees for 2017/18 audits.   | April 2017   | Complete    |
| <b>Accounts Joint Audit Plan</b><br>We are required to issue a detailed accounts joint audit plan to the Joint Audit and Ethics Committee setting out our proposed approach in order to give an opinion on the Group, Police and Crime Commissioner and Chief Constable 2017-18 financial statements. | March 2018   | Complete    |
| <b>Joint Audit Findings Report</b><br>The Joint Audit Findings Report will be reported in July 2018.  | July 2018    | Not yet due |
| <b>Auditors Reports</b><br>This is the opinion on the financial statements, annual governance statements and value for money conclusions.   | July 2018    | Not yet due |
| <b>Joint Annual Audit Letter</b><br>This letter communicates the key issues arising from our audit work.  | August 2018  | Not yet due |

# Sector Update

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

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

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

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

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

[Public Sector](#)

[Police](#)

# PEEL – Police effectiveness 2017



## Police forces good at keeping people safe but showing strain

Most police forces are maintaining a good standard of service to the public, despite dramatic increases in demand and ongoing financial pressures, but cracks are beginning to show, according to the 2017 report published by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).

Police effectiveness is one of the all-force inspections carried out by HMICFRS as part of their annual PEEL reports. HMICFRS adopted an interim risk-based approach to inspection in 2017 in order to focus more closely on areas of policing where risk to the public is most acute. Under this approach, not all forces are assessed against every part of the PEEL effectiveness programme every year.

Forces were assessed against the following areas:

- Preventing crime and tackling anti-social behaviour;
- Protecting vulnerable people; and
- Specialist capabilities.

The inspection found that over two thirds of forces in England and Wales continued to be good at keeping people safe and reducing crime and one force is graded as 'outstanding' for the third year running. Overall slightly more forces improved than deteriorated.

The report noted some good work:

- Most forces are doing an effective job overall, with two-thirds assessed as good and one as 'outstanding';
- Nearly half of all forces have increased or maintained the number of officers assigned to neighbourhood policing and that vital service has been shored up;
- Two-thirds of forces are increasingly working with other agencies and local bodies to tackle serious and organised crime;
- More forces have invested in facilities for digital forensics and the backlogs from 2016 have been reduced by 17 percent; and
- Front line police officers have better systems for identifying domestic abuse and are more aware of this type of offending

However, there are areas which continue to need to be addressed:

- There has been a lack of progress in understanding why, in some forces, a large number of crimes are written off, denying the victim the service they're entitled to;
- A large number of forces rarely evaluate their approach to problem solving and tackling crime, and thus are unable to promote best practice
- Despite an increase of 4000 records on the Police National Computer in the last year, almost half forces were not using the information to proactively locate and arrest suspects; and
- Some forces are still struggling to evaluate the risk from, for example, registered sex offenders and there has been an 18 per cent increase in the number of overdue assessments.

Click on the report cover to read the national report.



# Police force prices for goods and services: 2018



Home Office

## Police forces save £273 million in three years on equipment cost

The Home Office has published the third 'basket of goods' data set allowing the public to compare what each police force spends on common items to ensure best value for money.

With Police and Crime Commissioners spending almost a quarter of their overall budgets on goods and services with third party suppliers, the exercise highlights the most recent prices paid for goods such as police helmets, shirts, and vehicles; as well as services like gas and face-to-face language interpretation, enabling more money to be spent on local priorities.

Most of the savings from this year's figures result from the Collaborative Law Enforcement Programme (CLEP), led by police forces, identifying opportunities for collaboration. For example, forces across Bedfordshire, Hertfordshire and Cambridgeshire bought uniforms together to halve the cost of their fleeces from £32.95 to £15.95.

Four forces in Yorkshire - South Yorkshire Police, North Yorkshire Police, West Yorkshire Police and Humberside Police – also worked together to reduce prices of vehicles by up to £10,000 per vehicle since 2016 to 2017.

Featuring previously unrecorded items, this year's 'basket of goods' identifies new areas of discrepancies in the spending on goods and services, including:

- police push bikes, with costs ranging from £279, to as high as £539 per bike; and
- police motor cycle helmets, with some forces paying £291 and others paying £656

The data collected on the new items will be used to highlight areas where police forces could work together to procure equipment in a more collaborative, cost-effective way, and the government will work with the sector to ensure that this is the case going forward.

These figures also reveal areas which have worsened year-on-year. These include:

- credit reports, with a 262 percent rise in median spend across forces
- median spend has also raised for goods such as belts (21 percent), baton (11 percent), handcuffs (6 percent)

Click [here](#) for the data.

# The Vibrant Economy Index

## a new way to measure success

Our Vibrant Economy Index uses data to provide a robust, independent framework to help everyone understand the challenges and opportunities in their local areas. We want to start a debate about what type of economy we want to build in the UK and spark collaboration between citizens, businesses and place-shapers to make their places thrive.

Places are complex and have an intrinsic impact on the people and businesses within them. Economic growth doesn't influence all of the elements that are important to people's lives – so we shouldn't use GDP to measure success. We set out to create another measure for understanding what makes a place successful.

In total, we look at 324 English local authority areas, taking into account not only economic prosperity but health and happiness, inclusion and equality, environmental resilience, community and dynamism and opportunity. Highlights of the index include:

- Traditional measures of success – gross value added (GVA), average workplace earning and employment do not correlate in any significant way with the other baskets. This is particularly apparent in cities, which despite significant economic strengths are often characterised by substantial deprivation and low aspiration, high numbers of long-term unemployment and high numbers of benefit claimants
- The importance of the relationships between different places and the subsequent role of infrastructure in connecting places and facilitating choice. The reality is that patterns of travel for work, study and leisure don't reflect administrative boundaries. Patterns emerge where prosperous and dynamic areas are surrounded by more inclusive and healthy and happy places, as people choose where they live and travel to work in prosperous areas.
- The challenges facing leaders across the public, private and third sector in how to support those places that perform less well. No one organisation can address this on their own. Collaboration is key.

Visit our website ([www.granthornton.co.uk](http://www.granthornton.co.uk)) to explore the interactive map, read case studies and opinion pieces, and download our report **Vibrant Economy Index: Building a better economy**.

### Vibrant Economy app

To support local collaboration, we have also developed a Vibrant Economy app. It's been designed to help broaden understanding of the elements of a vibrant economy and encourage the sharing of new ideas for – and existing stories of – local vibrancy.

We've developed the app to help people and organisations:

- see how their place performs against the index and the views of others through an interactive quiz
- post ideas and share examples of local activities that make places more vibrant
- access insights from Grant Thornton on a vibrant economy.

We're inviting councils to share it with their employees and the wider community to download. We can provide supporting collateral for internal communications on launch and anonymised reporting of your employees' views to contribute to your thinking and response.

- To download the app visit your app store and search 'Vibrant Economy'*
- *Fill in your details to sign up, and wait for the verification email (check your spam folder if you don't see it)*
  - *Explore the app and take the quiz*
  - *Go to the Vibrant Ideas section to share your picture and story or idea*



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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