

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

Audit Progress Report and Sector Update

Year ending 31 March 2023

March 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 Chief Finance Officers at the PCC and Constabulary and the Joint Audit and Ethics Committee and 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 the Joint Audit and Ethics Committee 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

Senior 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.



Ben Hall

Audit In-Charge

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Ben 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.

Introduction & headlines

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

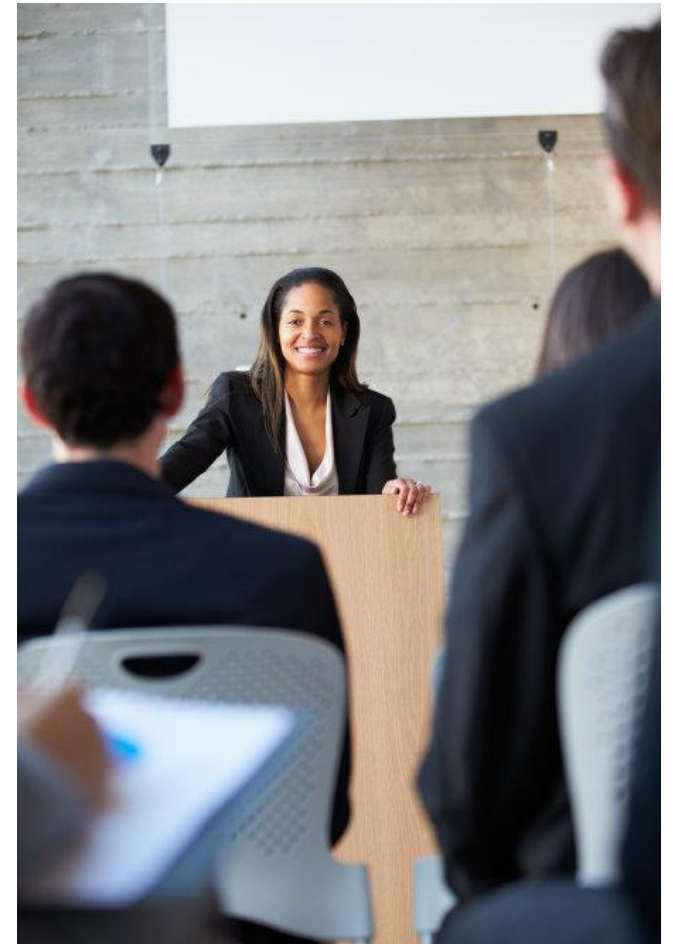
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

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 documents our understanding of your key risks, your control environment and inform our testing strategy. This continues 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.

We agreed our joint audit plan summarising our approach to key risks on the audit in August. We started our final accounts audits in January 2023 and will 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.”

We will report our findings 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.

Our commentary will be within the Auditors' Annual Report and 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 March 2023

Financial Statements Audit 2021/22

We undertook our initial planning for the 2021/22 audit in July 2022 and in August we issued a detailed audit plan, setting out our proposed approach to the audit of the Council's 2021/22 financial statements.

We received your draft financial statements in September 2022 and our work on these statements is currently ongoing, having started in January 2023.

Our audit work on the 2021/22 financial statements is progressing and we continue to provide regular updates to the finance team on progress. There are no significant matters arising from the 2021/22 audit to draw to members attention at this stage.

Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money

and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements.

Work is currently on-going on the 2021/22 Auditor's Annual Report and we anticipate issuing our Auditor's Annual Report alongside our final accounts audit opinion.

2021/22 deliverables

2021/22 Deliverables	Planned Date	Status
<p>Accounts Joint Audit Plan</p> <p>We are required to issue a detailed accounts joint audit plan to the Joint Audit and Ethics Audit Committee setting out our proposed approach in order to give our opinions on the 2021-22 financial statements.</p>	August 2022	Completed
<p>Joint Audit Findings (ISA260) Report</p> <p>The Audit Findings Report summarising the findings and conclusions from the 2021/22 audit.</p>	TBC	TBC
<p>Auditors Reports</p> <p>These are the opinions on your financial statements and annual governance statements.</p>	TBC	TBC
<p>Auditor's Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on your value for money arrangements.</p>	TBC	TBC

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.

Public Sector

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

Police

Home Office February 2023



Home Office

Extra 1,420 police join forces across England and Wales in 3 months

An extra 1,420 officers have joined police forces across England and Wales in the past 3 months, as the government continues its unprecedented drive to recruit 20,000 additional police officers by March 2023.

Figures released on 25 January show that more than 16,700 additional police officers have joined the police since April 2020 as part of the government's pledge to get more police officers on our streets.

These figures mean that the government has met 84% of that target and is well on the way to recruiting 20,000 new officers by March.

The figures released today also show the number of police officers from an ethnic minority background is at an all-time high, as the government's recruitment campaign works to change the face and culture of policing.

There are also now 51,107 female officers in our 43 police forces in England and Wales, which is also at its highest point.

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

Home Office February 2023



Home Office

Review of police dismissals launched

A review to ensure that the police officer dismissal process is effective at removing those who are not fit to serve the public has been launched by the Home Office. The internal review will look at the effectiveness of the disciplinary system so the public can be confident it is fair but efficient at removing officers who fall far short of the high standards expected of them.

Baroness Casey's interim report into the culture and standards at the Metropolitan Police Service, published last year, raised concerns about the low number of police officers being dismissed and that those with multiple allegations of misconduct against them are still serving the public. She was also concerned that officers from ethnic minorities are disproportionately represented in the misconduct system.

As set out in the terms of reference published on GOV.UK Police officer dismissals review: terms of reference, Home Office officials will examine the consistency of decision making at misconduct hearings and disproportionality in dismissals, alongside reviewing the existing model of misconduct panels and the impact of legally qualified chairs (LQCs).

The review, which will be completed within approximately 4 months, will also ensure that forces are able to effectively use regulations that allow probationary officers who do not meet the required standard to be let go, and look at whether the current three-tier performance system is effective in being able to dismiss officers who fail to perform the duties expected of their rank and role.

The government has introduced significant reforms to the police complaints and discipline systems in recent years – from misconduct hearings in public and independent legally qualified chairs (LQCs) to the introduction of the barred list and the strengthening of powers for the Independent Office for Police Conduct (IOPC).

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

Home Office February 2023



Home Office

Policing to receive up to £287 million funding boost next year

The police sector will receive a nominal funding boost of up to £287 million next year to help victims feel safe and deliver more visible policing.

The rise will take total funding for policing up to £17.2 billion and mean police and crime commissioners across the 43 police forces in England and Wales will receive a nominal increase of up to £523 million from government grants and precept income to focus on getting the basics right.

The government is giving police crime commissioners in England the ability to raise up to £349 million, through a council tax precept limit of £15.

This provisional settlement will provide £1.1 billion towards national policing priorities, including tackling the scourge of serious violence, county lines, exploitation, abuse, fraud and cyber crime.

Funding for counter-terrorism policing will continue to total over £1 billion, including continued funding for armed policing and the Counter Terrorism Operations Centre.

Funding will also be given to maintain the 20,000 additional police officers recruited as part of the government's unprecedented campaign to put more police on the streets.

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

HMICFRS February 2023

A number of PEEL inspections relating to specific forces have been published in the past few months. These are published at the link provided below. Audit teams may wish to review for their specific force and include headline messages emerging from this.

[Publications - HMICFRS \(justiceinspectorates.gov.uk\)](https://justiceinspectorates.gov.uk)



HMICFRS February 2023

Police force reports on the effectiveness of vetting and counter-corruption arrangements

HMICFRS have published reports on the effectiveness of vetting arrangements in 12 police forces. Some of these also include findings on IT monitoring and counter-corruption.

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



Association of Police and Crime Commissioners February 2023

PCCs gain new responsibilities in bid to tackle serious violence

Police and Crime Commissioners (PCCs) and Deputy Mayors have gained new responsibilities from 31 January 2023, in a bid to tackle and prevent serious violence in communities.

The Serious Violence Duty is a new legal requirement which will see organisations working together to prevent and tackle serious violence, with PCCs and Deputy Mayors as the local conveners.

The Duty was introduced by the Government through the Police, Crime, Sentencing and Courts (PCSC) Act 2022 and places a duty on specific organisations such as the police, fire service, justice partners, health and local authorities to collaborate to prevent and tackle serious violence in their local area.

It intends to create the right conditions for authorities to collaborate and communicate regularly, using existing partnerships where possible and to share information and take effective coordinated action in local areas. Under the Duty, all statutory partners must work together to develop a strategic needs assessment of the unique causes of violence in their area and then publish a strategy on how they will tackle it.

Police and Crime Commissioners and Deputy Mayors play an important role in this and will take up responsibilities as the lead convener for local partners. Across England and Wales they will be responsible for monitoring the exercise of functions under the Duty and holding partners to account for their compliance and delivery.

See the full article [here](#).





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