

# POLICE & CRIME COMMISSIONER FOR LEICESTERSHIRE JOINT AUDIT, RISK & ASSURANCE PANEL

PAPER MARKED

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Report of	OFFICE OF THE CHIEF CONSTABLE AND OFFICE OF THE POLICE AND CRIME COMMISSIONER
Subject	EXTERNAL AUDIT PROGRESS REPORT
Date	THURSDAY 1 <sup>ST</sup> AUGUST 2024
Author :	LAURELIN GRIFFITHS, GRANT THORNTON

## **Purpose of Report**

1. This report seeks to update members of the Joint Audit, Risk and Assurance Panel (JARAP) on the progress of the audit year ending 31<sup>st</sup> March 2024.

## **Recommendation**

2. The Panel is recommended to discuss the contents of the report.

## **Background**

3. None

## **Implications**

Financial: none.

Legal: none.

Equality Impact Assessment: none.

Risks and Impact: as per individual reports.

Link to Police and Crime Plan: as per audit plan

## **List of Attachments / Appendices**

External Audit Progress Report

## **Background Papers**

None

## **Officer to Contact**

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# Joint Audit Progress Report and Sector Update for the Police and Crime Commissioner for Leicestershire and the Chief Constable of Leicestershire

**Year ending 31 March 2024**

July 2024



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# Introduction & headlines

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

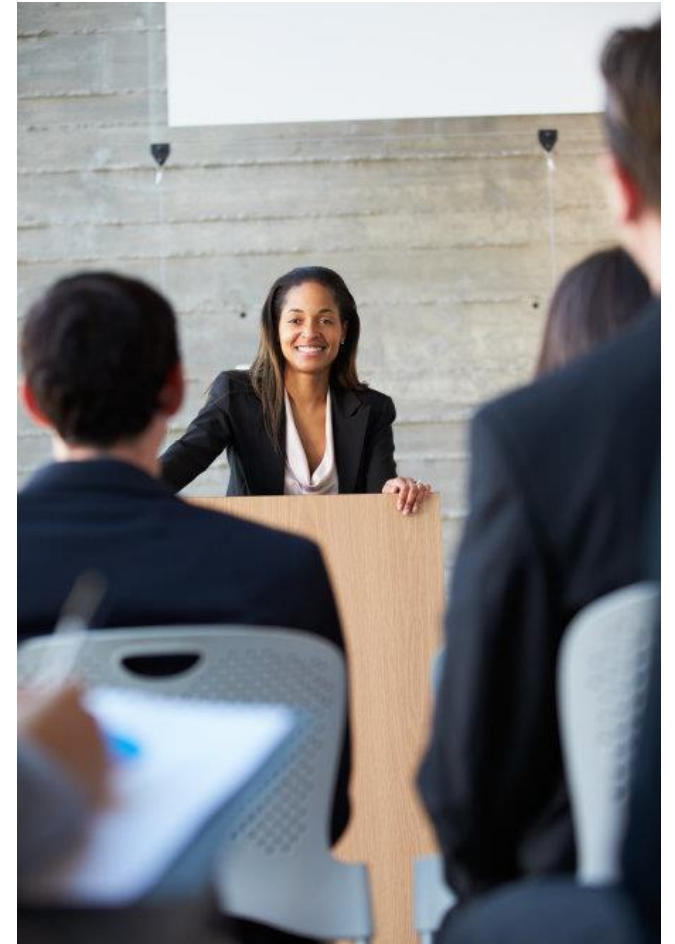
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Joint Audit Risk and Assurance Panel (JARAP) 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.



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# Progress

## Financial Statements Audit

We undertook our initial planning for the 2023/24 audit in February and March 2024. We expect to begin our work on your draft financial statements in September.

In April we issued a detailed audit plan, setting out our proposed approach to the audit of the 2023/24 financial statements.

The draft financial statements were published on 8 July 2024, and we will perform our initial review of these within the next few weeks, raising initial queries with management. Our audit work is planned to commence in mid-September, and be completed in early December 2024.

We will report the findings from our work to those charged with governance in our Joint Audit Findings Report, and present this to JARAP in early 2025.

## Value for Money

We aim to complete all 2023/24 value for money audit reviews by the end of December 2024.

From current trends around cost pressures and service demand, we anticipate that risks around financial sustainability and reserves will require consideration across most value for money reviews for 2023/24. Arrangements for governance and improving economy, efficiency and effectiveness will also be reviewed. Information on the sector is shown within the sector update section of this report.

Where there are lessons to be learnt from the findings for our 2022/23 value for money reviews, we will seek to share them on a timely basis, to inform future practice.

We anticipate completing the work to support our Auditor's Annual Report in September to November 2024, and will present our findings to those charged with governance when this work is complete. We intend to report to JARAP in early 2025.

# Progress (continued)

## Audit Fees

PSAA published their scale fees for 2023/24:

[2023/24 auditor appointments and audit fee scale – PSAA.](#)

For the Police and Crime Commissioner and Chief Constable of Leicestershire, these fees are £94,986 and £47,542 respectively.

These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

As we have not been the group's external auditor previously, we cannot comment on additional work specific to your audits. The increased work reflected in the increased scale fees has typically included the following key areas:

- Increased requirements as a result of changes to auditing standards – specifically ISA 240, ISA 540 and ISA 700
- The revised NAO Code and enhanced Value for Money requirements
- Enhanced requirements for audit procedures in relation to journal entries
- Enhanced requirements for audit procedures in relation to property valuations, including increased use of auditor's experts
- Any other issues specific to audited bodies

For 2023/24, we are proposing additional fees of £3,138 for each of the Police and Crime Commissioner and the Chief Constable in relation to the increased requirements of ISA 315 as this has not been incorporated into the scale fees set by PSAA, as set out above.

## Other areas

### Meetings

We have met with Chief Finance Officers as part of initiating our audit, and will meet with them for regular liaison meetings now that the audit has commenced. We will also hold regular discussions with key finance staff throughout the course of the audit 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 Police and Crime Commissioner and Chief Constable. Your finance officers were invited to attend our Accounts Workshop in February 2024, where we highlighted financial reporting requirements for the 2023/24 accounts and gave insight into elements of the audit approach.

Further details of a selection of publications that may be of interest to the Police and Crime Commissioner, Chief Constable and JARAP members are set out in our Sector Update section of this report.

# 2023/24 deliverables

Deliverable	Planned Date	Status
<p><b>Joint Audit Plan</b></p> <p>We are required to issue a detailed accounts joint audit plan to those charged with governance (being the PCC and Chief Constable) setting out our proposed approach in order to give our opinions on the financial statements.</p>	April 2024	Completed
<p><b>Audit Update</b></p> <p>We will provide the JARAP with updates on audit progress at key points during the year.</p>	August 2024 & October 2024	This report  Not yet due
<p><b>Joint Audit Findings (ISA260) Report</b></p> <p>The Joint Audit Findings Report will be reported to the PCC and Chief Constable as those charged with governance, and also presented to the February 2025 JARAP.</p>	December 2024 (February 2025 JARAP)	Not yet due
<p><b>Auditors Reports</b></p> <p>These are the opinions on your financial statements and annual governance statements.</p>	TBC	Not yet due
<p><b>Auditor's Annual Report</b></p> <p>The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). A draft of the AAR will be shared with the PCC and Chief Constable as those charged with governance, and also presented to the February 2025 JARAP.</p>	December 2024 (February 2025 JARAP)	Not yet due

# Planning procedures

Task / activity	Status
<p><b>Initial meetings with management</b></p> <p>We met with the CFOs in August and September 2023 to hold initial discussions about the PCC and Chief Constable.            (We will continue to meet with the CFOs, key finance staff and other individuals within the PCC and Chief Constable for Leicestershire at relevant and appropriate points throughout the audit process.)</p>	Complete
<p><b>Initial discussions with predecessor auditor</b></p> <p>An initial meeting has been held to discuss progress on the prior years' open audits, as well as handover arrangements. Due to the delays to the implementation of the audit backstop (see page 9) there is still some uncertainty about the timing and nature of this handover.</p>	Complete
<p><b>Review of predecessor auditor file(s) and opening balances assurance</b></p> <p>This process would normally provide us with assurance over the opening balances of the financial year that we are auditing. Any issues with this work, or modifications to the predecessor auditor's Audit Reports would impact on our audit.            As the 2022/23 financial year audit has not yet been completed, we have not yet been able to perform a review of the predecessor audit file(s).</p>	Outstanding
<p><b>Formal inquiries of management</b></p> <p>We await final responses to these inquiries, which were issued in November 2023. Management provided initial responses to these questions in March. Once we obtain the final responses for both the PCC and the Chief Constable, these will be considered for any areas that may impact on our assessment of the risks of material misstatement in the financial statements, and therefore impact on our planned audit approach.</p>	In progress
<p><b>Formal inquiries of those charged with governance (PCC and Chief Constable)</b></p> <p>These inquiries will be made once final responses are received from management.</p>	Outstanding
<p><b>Review of internal audit reports</b></p> <p>No issues or areas of concern were identified from our review of the internal audit reports related to the 2023/24 financial year that were available at the time of our planning work.            (We will continue to update this review throughout the period of our year end work.)</p>	Complete
<p><b>Understanding the group's control environment</b></p> <p>No issues have been identified to date from our work to understand the group's control environment. Work remains ongoing on understanding significant business processes, and understanding the IT control environment.</p>	In progress



# 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**

# Audit Backstop - update

As we have previously updated, the Government consulted in February 2024 on a proposal to introduce a series of statutory backstops to bring the local audit system back on track. The proposals also included a series of updates to the NAO's Code of Audit Practice.

Our understanding was that the necessary regulations to enact the backstop legislation were due to be laid before Parliament prior to summer recess in July 2024. This would have enabled the legislative framework which would have enabled the 30 September 2024 backstop to be implemented.

The calling of a General Election on 4 July put this timetable into considerable doubt. The Government will now have to both decide if it wants to implement the backstop solution and if so, determine the timetable by which it happens. In the meantime, we will continue with the plan we have informed you of in respect of your audit.

## Audit sign off as at 31 May 2024

As at the end of May, we had signed 136 audits for 2022/23, representing 65% of our local government population. We envisage achieving a 75% sign off rate by the end of September. This compares with a sign off rate for other firms at the end of May of 7% (18 audits). If the backstop is extended to the end of the year – we envisage this figure moving to 80% completion.

We had signed off 81% of our 2021/22 audits by the end of May. We envisage achieving an 85% sign off rate by the end of September. Other firms had signed off 48% of audits by the end of May.

Audit year	Grant Thornton audits signed	Grant Thornton audits signed	Other firms
	Position as at end of May 2024 (%)	Forecast position end of Sep 2024 (%)	Position as at end of May 2024 (%)
2022-23	65	75	7
2021-22	81	85	48
2020-21	92	92	81

# Institute for Government

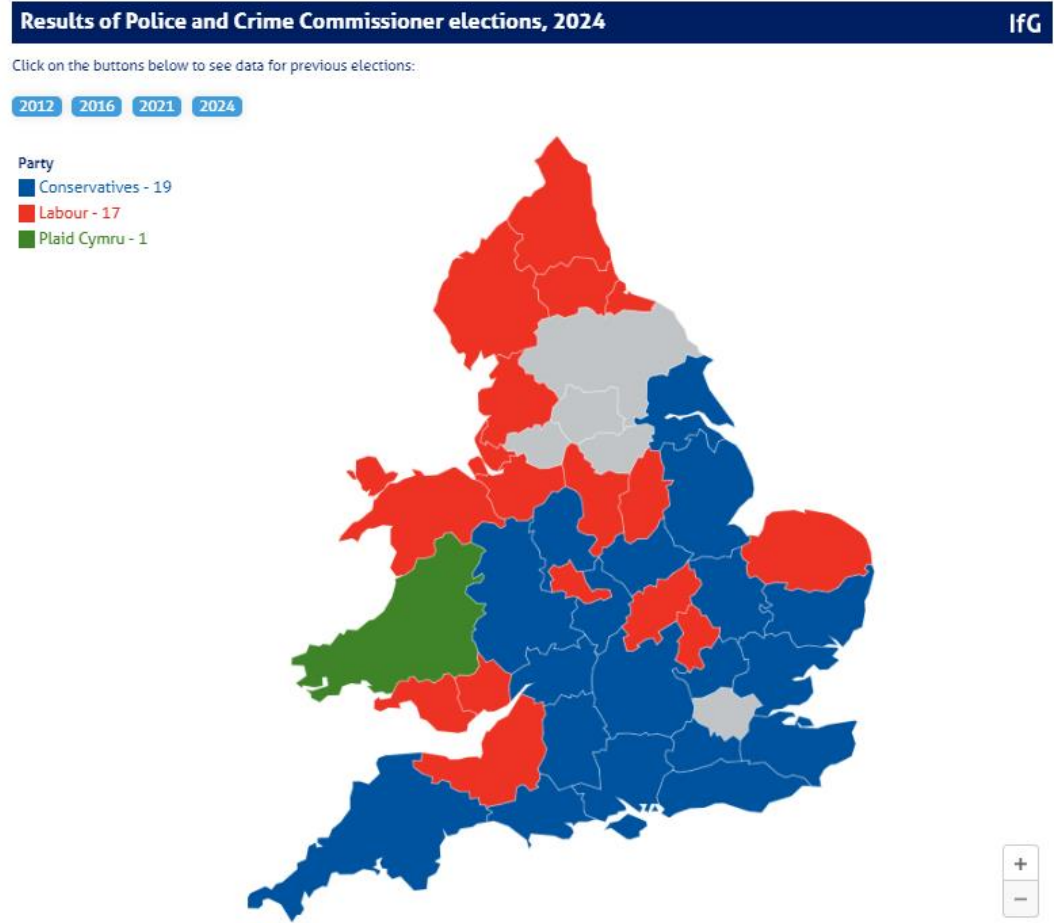


## PCC elections 2024 - results

On 2 May 2024, elections took place for 37 police and crime commissioners (PCCs), who set policing priorities and hold to account police forces across most of England and Wales.

19 Conservative, 17 Labour and one Plaid Cymru police and crime commissioners were elected. Labour was the only party to make gains in the election – taking 10 PCCs from the Conservatives. In five police force areas, the powers of the PCC are held by the mayor – all of which were also up for election and won by Labour candidates.

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



Source: Institute for Government analysis of BBC election data 2024 and House of Commons Library briefing papers, 2012-2021 • Get the data • Embed • Download image

# Home Office



Home Office

## Government plan to save 38 million hours of police time

38 million hours of police time could be saved under a plan supported by the government, as the drive continues to free up officers' time so they can focus on keeping our streets safe.

In its [response](#) to the Policing Productivity Review, commissioned by the Home Office and published last autumn, the government has set out how £230 million will be spent over the next 4 years on new technology, such as live facial recognition and drones that will be used as first responders to meet the recommendations made by the independent Policing Productivity Team.

Previously announced in the spring budget, this investment will go towards innovation such as knife detection and artificial intelligence, including automatic redaction and translation, and will enable police to spend less time in the office, and more time in our communities.

The government will also be creating a new Centre for Police Productivity to provide the foundation for future improvements across policing. The centre will be integral to devising and implementing the further work raised in the review that could save the equivalent of an additional 20,000 police officers' worth of time.

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

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# Home Office



Home Office

## Helping police redact sensitive information in media files

Police and law enforcement often need to share material with courts or other parties whilst also protecting sensitive details such as identities and licence plates for data security or operational security reasons.

However, there is currently very limited use of auto-redaction technology across policing and the wider criminal justice system for digital media, audio, and video files - including body-worn video footage and digital forensic evidence - and the policing minister has made development of solutions which could be rolled out nationally a key priority.

The Home Office funded the Accelerated Capability Environment (ACE) to carry out a market review of existing multimedia redaction tools and build an evidence case into how state-of-the-art technology, including the use of artificial intelligence (AI) and machine learning, could make significant efficiency savings.

This would then be used to accelerate the development and widespread adoption of this technology nationally, creating user efficiencies as well as ensuring that police can confidently share information with other organisations as needed.

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

# Home Office



Home Office

## Policing funding allocation for 2024/25 published

For 2024-25, overall funding for the policing system will rise by up to £842.9 million when compared to the restated 2023-24 police funding settlement, bringing the total settlement for 2024-25 up to £18.4 billion. Available funding to local policing bodies will increase next year by up to an additional £922.2 million, if Police and Crime Commissioners were to take-up the precept flexibility and using latest forecasts, taking total funding for local policing bodies to £16.4 billion.

Compared with 2019-20, this represents a total settlement increase of up to 30.7% in cash terms. Not only has the Government delivered the funding committed in the Spending Review 2021, the 2024-25 settlement has gone even further to provide additional funding for policing. This demonstrates the Governments continued commitment to giving policing the resources they need to keep the public safe.

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

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# HMICFRS

## HMICFRS Value for money dashboards latest force-level profiles published

Value for money dashboards provide comparative data on a wide range of policing activities from 2011 up to the most recent data release. They build on work done between 2009 and 2017 that were published as PDF [value for money profiles](#).

These allow detailed analysis of:

- how much forces spend on different policing activities;
- how crime levels compare across forces, as well as what outcomes forces achieve; and
- workforce costs, broken down by role, rank and gender.

The interactive dashboard can be found [here](#).



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# Back to Basics

ONWARD 

## How Neighbourhood Policing Can Make Streets and Communities Safer

Onward's Back to Basics paper, endorsed by 10 Police and Crime Commissioners (PCCs), urges the Government to launch a new Neighbourhood Policing Uplift Programme to fix local policing. The uplift would hire 19,000 new neighbourhood officers – including 3,000 police officers, 10,000 police community support officers, and 6,000 special constables – to be visibly embedded in communities and tackle local crimes.

Back to Basics also calls for PCCs and police chiefs to create new “pop up” police stations in disused high street premises to improve visibility and accessibility, roll out facial recognition technology to catch shoplifters and other criminals, and recruit neighbourhood wardens in town centres to prevent low-level crime.

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





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