

## PFCC Decision Report

**Report reference number:** 169-22

**Classification:** Not protectively marked

**Title of report:** Publication of a Delayed Notice regarding publishing the Statement of Accounts for the year ended 31 March 2022 for the Police, Fire and Crime Commissioner Group and the Police, Fire and Crime Commissioner

**Area of county / stakeholders affected:** Countywide

**Report by:**

Janet Perry, Chief Financial Officer and Strategic Head of Performance and Resources

**Date of report:** 30 November 2022

**Enquiries to:** As above

### 1. Purpose of the report

- 1.1. The purpose of this report is to seek the PFCC's approval to publish a Delayed Notice regarding the delay in the publication of the Statement of Accounts for the year ending 31 March 2022 for the Police, Fire and Crime Commissioner Group and the Police, Fire and Crime Commissioner (hereafter referred to as the Statement of Accounts).
- 1.2. The Statement of Accounts is required to be published by 30 November 2022, in order to meet the statutory reporting requirements.
- 1.3. The Audit has not yet been concluded by the External Auditors, Grant Thornton UK LLP. This is partly due to the PFCC Group crossing the threshold for the first time this year of £500m gross revenue and consequently becoming a 'Major Local Audit'. As a Major Local Audit, it is 'in scope' for Financial Reporting Council (FRC) review. This has resulted in the audit being subject to additional procedures including a financial reporting review by the external auditor's central technical team.
- 1.4. The auditors have also raised concerns about the availability of key working papers and delays in the responses to their queries when compared to previous years. The auditors have attributed these problems to a lack of capacity in the finance team, rather than a capability issue. A growth bid is being submitted for consideration as part of budget setting to address this for future years.

- 1.5. In addition, there is a delay in receiving the letter of assurance from the audit of the Essex Pension Fund.

## 2. Recommendation

- 2.1. The PFCC should not publish the accounts on 30 November 2022 and should instead approve the publication of the Delayed Notice as detailed below regarding the delay in the publication of the Statement of Accounts:

***“The audit of the Statement of Accounts for the year ended 31 March 2022 for the Police, Fire and Crime Commissioner (PFCC) for Essex and the PFCC for Essex Group has not been concluded by the external auditors, Grant Thornton UK LLP. According to the Accounts and Audit (Amendment) Regulations 2022, where the audit of accounts relating to the financial year beginning in 2021 has not been concluded before 30 November 2022, the PFCC must issue a notice stating that it has not been able to publish the Statement of Accounts and reasons for this.”***

***The external auditors have not been able to complete the audit as they have experienced delays in receiving the letter of assurance from the auditors of the Essex Pension Fund (Local Government Pension Scheme Audit). There are also additional outstanding assurances required by the external auditors mainly relating to the Essex Police Officer Pension Scheme.***

***The audit and issue of the audit opinion is expected to conclude during December 2022 after which the Statement of Accounts and the audit opinion will be published as soon as is reasonably practical.***

***The latest draft Statement of Accounts for the year ended 31 March 2022 is available on the PFCC’s website, subject to conclusion of the audit.”***

## 3. Benefits of the proposal

- 3.1. The proposal will mean that the PFCC will not be approving the Statement of Accounts for the year ended 31 March 2022, which has outstanding assurance issues still under consideration by the External Auditors, and that the appropriate notice will be published regarding the delay in the publication of the Statement of Accounts.

## 4. Background and proposal

- 4.1. The Statement of Accounts was reviewed by the Joint Audit Committee (JAC) and by the PFCC / Essex Police Strategic Board on 25 November 2022.
- 4.2. The Draft Statement of Accounts had been reviewed in September by both the JAC and the Strategic Board. At the meetings on 25 November the following changes were highlighted as being made as a consequence of the audit:

- **A previous land impairment of £16m relating to Police Headquarters during 2008** – In 2021/22 the HQ land was revalued according to its

actual size using a more detailed and enhanced methodology, resulting in a land revaluation gain being recognised in the Revaluation Reserve for 2021/22 when it should have been offset against the historic impairment. This has had an impact on all the core financial statements, and a number of corresponding / supporting disclosures.

- **IFRS 15 income from service recipients** – New related disclosures now included in notes 15, 23 and 27 (PFCC / Group only)
- **Prior period restatements (for disclosure notes only)** – Additional explanatory narrative now added in all cases.
- **Senior Officers Remuneration** – Benefits in kind figures are now included
- **Property, Plant & Equipment** – New revaluations profile disclosure now included
- **Police Officer Pension Fund** – Additional disclosures now added, including a net asset statement (PFCC/Group and Chief Constable)
- **The Annual Governance Statement** has been reviewed and updated

4.3. The JAC and the Strategic Board were also informed that the Audit had not concluded and that there was still some testing and evidence under consideration. In addition to this we had not received the pension assurance letter for the Essex Pension Fund.

4.4. It was recommended by both the JAC and the Strategic Board that the PFCC should not publish the Statement of Accounts, and that a Delayed Notice of the publication of the Statement of Accounts should be published.

## **5. Alternative options considered and rejected**

5.1. The alternative of publishing the accounts has been rejected as the audit has not yet concluded and the pension assurance letter is still outstanding.

## **6. Police and Crime Plan**

6.1. The Statement of Accounts shows the income and expenditure for the year ended 31 March 2022, which includes the financial resources used to support the required performance to meet the priorities and strategies within the Police and Crime Plan.

## **7. Police operational implications**

7.1. No direct operational implications arise from this decision report.

## **8. Financial implications**

8.1. As set out in the Statement of Accounts.

## **9. Legal implications**

9.1. The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting and the Accounts and Audit Regulations 2015. To meet statutory reporting requirements for the Accounts, they are required to be published by 30 November 2022.

- 9.2. The PFCC is required to publish a notice stating that it has not been possible to publish the Statement of Accounts, and the reasons for this, should they be unable to publish the accounts by the deadline.

## **10. Staffing implications**

- 10.1. There are no staffing implications directly arising from this decision.
- 10.2. As referenced in paragraph 1.4 above, a growth bid is being submitted for consideration as part of budget setting to increase capacity in the finance team to respond to the volume and complexity of auditor queries generated by a Major Local Audit in future years.

## **11. Equality and Diversity implications**

- 11.1. The Statement of Accounts delay in publication notice is not expected to have any inequitable impact on individuals with protected characteristics.

## **12. Risks**

- 12.1. There is a reputational risk in not publishing the Statement of Accounts to the deadline, however this risk is outweighed by the risk of publishing the Statement of Accounts before the audit concludes.
- 12.2. The risk of publishing the accounts to the deadline is that the letter of assurance from the audit of the Essex Pension Fund could result in a requirement to amend the accounts.
- 12.3. In addition, there is further testing and evidence under consideration and, should these result in issues arising of a material nature, there is a risk that the accounts will require changes for reasons not associated with the Essex Pension Fund assurance letter.

## **13. Governance Boards**

- 13.1. The Statement of Accounts and Audit Findings report have been reviewed by the Joint Audit Committee and by the PFCC / Essex Police Strategic Board on 25 November 2022, where it was recommended that a Delayed Notice of publication of the Statement of Accounts should be published

## **14. Background papers**

- 14.1. Accounts and Audit Regulations 2015 Notice

**Report Approval**

The report will be signed off by the PFCC’s Chief Executive and Chief Finance Officer prior to review and sign off by the PFCC / DPFCC.

Chief Executive / M.O.

Sign:

Print: P. Brent-Isherwood

Date: 30 November 2022

Chief Financial Officer

Sign:

Print: Janet Perry

Date: 30 November 2022

**Publication**

Is the report for publication?

YES

NO

If ‘NO’, please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State ‘None’ if applicable)

None

If the report is not for publication, the Chief Executive will decide if and how the public can be informed of the decision.

**Redaction**

If the report is for publication, is redaction required:

1. Of Decision Sheet?

YES

2. Of Appendix?

YES

NO

NO

If ‘YES’, please provide details of required redaction:

N/A

Date redaction carried out: .....

**Chief Finance Officer / Chief Executive Sign Off – for Redactions only**

If redaction is required, the Treasurer or Chief Executive is to sign off that redaction has been completed.

**Sign:** .....

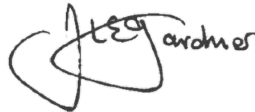
**Print:** .....

**Chief Executive / Chief Finance Officer**

**Decision and Final Sign Off**

I agree the recommendations to this report:

**Sign:**



**Print:**

Jane Gardner

**~~PFCC~~/Deputy PFCC**

**Date signed:** 30 November 2022

I do not agree the recommendations to this report because:

.....  
.....  
.....

**Sign:**

**Print:**

**PFCC/Deputy PFCC**

**Date signed:**