

External audit plan

**Essex Police, Fire and Crime Commissioner and
Fire and Rescue Authority**

Year ending 31 March 2023

September 2023



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Key Grant Thornton team members



Joanne Brown

Key Audit Partner

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

- leading our relationship with the Police, Fire and Crime Commissioner (PFCC), ensuring you have access to Grant Thornton's full service offering;
- being a key contact for the Chief Finance Officer and the Audit Committee;
- regular liaison meetings with other key members of management;
- taking overall responsibility for delivering high quality audits which meet professional standards;
- agreeing with you the annual 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 Audit Committee meetings 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.



Parris Williams

Senior Manager

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Parris is responsible for planning, managing and leading the audit and providing feedback to you throughout the audit process. Parris is responsible for audit quality, project management of the audit, ensuring the audit requirements are fully complied with. He will respond to ad-hoc queries whenever raised and meet regularly with the Chief Finance Officers and members of the finance team.

Specifics of the role include:

- ensuring responsibility for delivering high quality audits which meet professional standards;
- responsible for establishing, monitoring and holding to account, both the audit team and the finance team for delivering to an agreed budget
- drafting the annual audit plan, the audit findings report, the annual auditor's report and any other reporting outputs;
- inspire, motivate and coach team members to develop and perform at their best
- reviewing the work focusing on the key areas of risk pertaining to the audit; and
- attending and contributing to senior audit liaison meetings, sharing good practice identified at other organisations.

Introduction & headlines

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

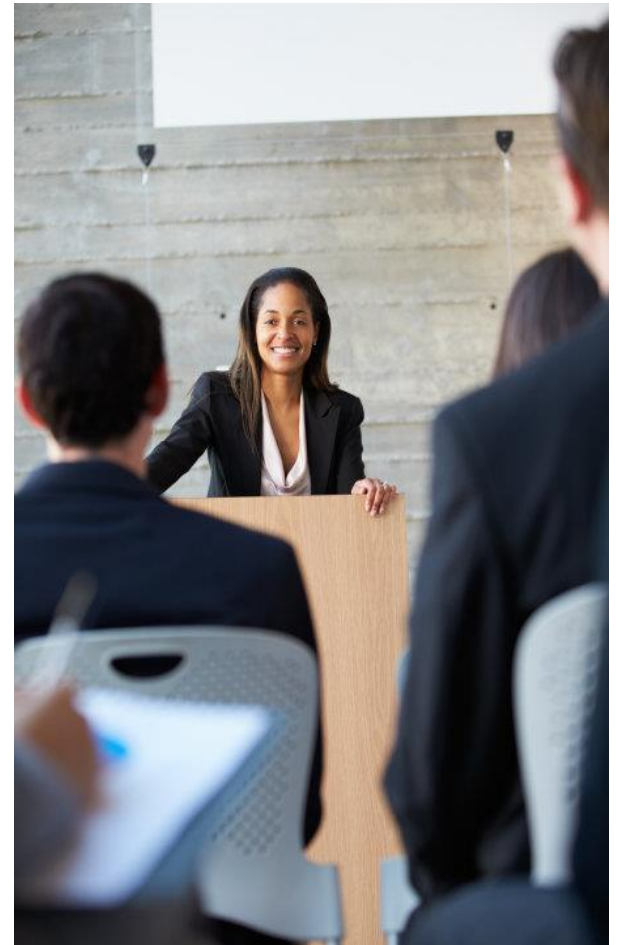
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Audit 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 fire sector.

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



Progress at September 2023

Financial Statements Audit 2022/23

We undertook our initial planning for the 2022/23 audit in March and April 2023 and issued our joint audit plan in June 2023.

Our planning work included the following:

- a review of the Authority's control environment;
- updating our understanding of financial systems;
- a review of Internal Audit reports;
- understanding how the Authority make material estimates for the financial statements;
- early work on emerging accounting issues

We received your draft financial statements in July 2023 and we have performed a review of the financial statements and returned comments to management ahead of the full engagement team starting work in October. We have also allocated additional resource to select samples in some of the testing areas ahead of our on-site visit. This allows management time to obtain the evidence bringing greater efficiency to the year end audit.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by January 2024.

Value for Money 2022/23

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 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. We anticipate issuing our Auditor's Annual Report in March 2024.

2021/22 auditor's annual report

As agreed with management, we will report our value for money work for 2021/22 in a combined report with 2022/23.

Progress at September 2023 (cont.)

Other areas

Meetings

We met with Finance Officers in July 2023 as part of our quarterly 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 Authority. Your officers attended our Accounts Workshop in February 2023, where we highlighted financial reporting requirements for the 2022/23 accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Authority and Audit Committee members are set out in our Sector Update section of this report.

2021/22 Deliverables

2021/22 Deliverables	Planned Date	Status
<p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the PFCC setting out our proposed approach in order to give an opinion on the 2021-22 financial statements.</p>	April 2022	Complete
<p>Interim Audit Findings</p> <p>We will report to you the findings from our interim audit within our Progress Report.</p>	June 2022	Complete
<p>Audit Findings (ISA260) Report</p> <p>The Audit Findings Report will be reported to the September Audit Committee.</p>	September 2022	Complete
<p>Auditors Report</p> <p>This is the opinion on your financial statements and annual governance statement.</p> <p>Update: The Audit Findings Report was shared with the Audit Committee in September. In this report, it explained that the audit report could not be issued until we received a letter from the auditors of the pension fund. This letter was received late 2022 and we subsequently issued our audit report in January 2023.</p>	September 2022	Complete
<p>Auditor's Annual Report</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).</p> <p>Update: As agreed with management, we will report our value for money work for 2021/22 in a combined report with 2022/23.</p>	February 2024	In progress

2022/23 Deliverables

2022/23 Deliverables

	Planned Date	Status
<p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the 2022-23 financial statements.</p> <p>We communicated this to the PFCC in June 2023. This was then shared with the Audit Committee in June 2023.</p>	June 2023	Not due yet
<p>Audit Findings (ISA260) Report</p> <p>The Audit Findings Report will be reported to the PFCC in January 2024. The Audit Findings Report will then be reported at the next Audit Committee.</p>	January 2024	Not due yet
<p>Auditors Reports</p> <p>This is the opinion on your financial statements and the annual governance statement.</p>	January 2024	Not due yet
<p>Auditor's Annual Report</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 final copy of the AAR will be taken to the next Audit Committee following publication.</p>	March 2024	Not due yet

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

HMICFRS: “staff report bullying, harassment and discrimination in every fire and rescue service”

In March 2023, a new report from His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services called for appropriate background checks on all firefighters and staff and new misconduct standards to be introduced, including a national barred list and new mechanisms for staff to raise concerns.

Inspectors found examples of racist, homophobic and misogynistic behaviour in a quarter of fire and rescue services in England, with such behaviour often excused as banter.

There were allegations of bullying in all services, with some significantly worse than others. The sector was called a “boys’ club” and people said they felt unable to report bad behaviour for fear of reprisals. One person said their “card would be marked” if they raised concerns and another described it as “career suicide”.

Examples of bullying and harassment uncovered by inspectors include:

- a senior officer referring to a Black colleague using the ‘n-word’ and putting it down to “having a laugh”;
- two male firefighters joking with a female firefighter that they were “going to rape her”, and the three of them acting out the rape together; and
- homophobic abuse found written on a firefighter’s locker.

A link to the report can be found here [values-and-culture-in-fire-and-rescue-services](#).

Essex Fire – Local context:

The findings in HMICFRS’ report will not be unfamiliar to those connected with Essex Fire, as many of the findings accord with the themes highlighted in the 2015 Lucas report. Whilst Essex Fire has done a lot of work over the years to address the findings of the Lucas report, it is important that the Authority doesn’t become complacent.

We remind stakeholders of our comments regarding the Authority’s work to address the Lucas report findings in the 2020/21 auditor’s annual report as they remain as applicable now as they did a couple of years ago.

“This is not however an area for the Authority to rest on its laurels. The Authority must continue to drive the cultural agenda with as much fervour as it did following the Lucas report and we are encouraged that it remains a key governance priority in the latest Annual Governance Statement”.



Promoting improvements
in policing and fire & rescue
services to make everyone safer

Home Secretary's commission for a thematic inspection of the handling of misconduct in fire and rescue services

In July, HMICFRS published the terms of reference for a thematic inspection of the handling of misconduct in fire and rescue services.

HMICFRS will examine the extent to which services have taken steps to implement the recommendations it made in its spotlight report [values-and-culture-in-fire-and-rescue-services](#).

This will include examining:

- the extent to which services are identifying and investigating misconduct;
- the effectiveness of misconduct processes and how consistently they are applied;
- how confident fire and rescue service staff are in raising concerns and in misconduct processes; and
- the role of fire and rescue authorities and other organisations in handling misconduct.

HMICFRS will report its findings to the Home Secretary.



NFCC publishes the Culture Action Plan

Following NFCC's Culture and Inclusion Conference and the spotlight report from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) entitled 'Values and culture in fire and rescue services', released on 30 March 2023, the NFCC has developed a Culture Action Plan to address culture and inclusion within the fire and rescue sector.

The NFCC consulted UK Fire and Rescue Services and wider national partners on the draft action plan and received extensive feedback, both written and through focus group discussions, which has informed the development of this Plan.

This NFCC Culture Action Plan is a renewed call to action to improve culture and address all forms of discrimination, bullying and harassment across UK fire and rescue services. Working with partners, the NFCC will monitor and review progress, drawing on feedback and learning to continue to develop and implement the Plan.

The Action Plan also provides all leaders and staff across fire and rescue services with details of how the NFCC will support them to develop and embed a positive organisational culture in their services.

Link to the action plan

[NFCC Culture Action Plan](#)



NFCC
National Fire
Chiefs Council

Current local audit deadline ‘unachievable’- Grant Thornton

Low capacity in council finance teams and the failure to deal with historic accounting issues mean the current September audit deadline is unlikely to be met.

The firm said the changes in recent years to council investment strategies have seen annual accounts become increasingly complex.

In evidence to a Public Accounts Committee inquiry, Grant Thornton said the increased workload and pressure on resources have complicated recruitment and compounded delays.

The auditors said it is unlikely firms will be able to meet the 30 September deadline for publishing opinions on 2022-23 financial statements, because they are still working on previous years’ accounts.

The firm said one of the key issues causing delays is the lack of consensus over areas of audit focus, specifically over how land and buildings are audited.

“Too much audit resource is absorbed in dealing with longstanding financial reporting issues at poorly performing bodies,” the firm said.

In certain instances, audits are open as far back as 2017-18.

“Perhaps more importantly, there has not been enough debate with the sector on the purpose of local audit and the enhanced audit scrutiny it faces.

“This is particularly the case with the audit of property. Until these matters are resolved we do not consider that the September deadline is achievable.”

Grant Thornton said that while audit firms can be sanctioned by the Financial Reporting Council for failing to comply with regulations, there are currently no punishments for public bodies that fail to meet requirements.

It said there should be interventions for audited bodies that show “significant failures in financial reporting and an unwillingness to improve”.

In its evidence the firm blamed a lack of council funding to bolster finance teams for a reduction in the quality of reporting, causing further delays.

“Unfortunately, the quality of too many financial statements and working papers are not adequate,” Grant Thornton said.

“Improvement in accounts preparation, and recruitment and investment in finance teams is essential if local government is to prepare consistently high-quality draft accounts and respond to the challenges presented by an enhanced audit regime.”

In December, local audit procurement body Public Sector Audit Appointments revealed that only 12% of local government audits for 2021-22 were completed by the 30 November deadline.

PSAA said that an alarming 630 opinions were outstanding from both 2021-22 and previous years, and the level of opinions completed on time has declined significantly from the 45% in 2019-20.

Read full report here

committees.parliament.uk/writtenevidence/118580/pdf/

DLUHC to implement its new proposals to clear audit backlog by year-end

A range of proposals and actions to address the backlog of local audits in England has been set out by the Department for Levelling Up, Housing and Communities (DLUHC).

These include setting statutory deadlines and issuing qualifications and disclaimers of opinion in the short term.

[The proposals](#) have been agreed in principle with key partners across the local audit system, DLUHC said. The National Audit Office (NAO) is considering whether to develop a replacement Code of Audit Practice to give effect to the changes, the department added.

In addition, DLUHC is considering whether legislative change is needed to set new statutory deadlines for local bodies to publish accounts to mirror the proposed changes to the Code of Audit Practice.

Legislative change may also be needed to address any knock-on effects of the proposals which may impact the audit of opening balances within the accounts for future years, the department said.

Under these proposals, section 151 officers will be expected to work with Audit Committee members (or equivalent) to approve the final accounts by the statutory deadline in order for the audit opinion to be issued at the same time.

Read full proposal here

committees.parliament.uk/publications/40932/documents/199432/default/



Call for sanctions for late accounts amid fears of ‘more Wokings - public accounts committee (PAC)

The Commons’ public accounts committee (PAC) published a report, [Timeliness of local auditor reporting](#), today, which highlights problems caused by the delays to local audit.

Just 12% of local government bodies received their audit opinions in time to publish their 2021-22 accounts by the extended deadline. The committee warned that the problem is likely to get worse before it gets better.

The report points out that there are no sanctions for failing to produce accounts on time, for either auditors or councils.

The PAC and others have been concerned about the implications of audit delays and Sir Geoffrey said cases like that of Thurrock Council and Woking BC demonstrate why this issue needs to be addressed. Both councils had years of unaudited accounts when they declared themselves effectively bankrupt due to excessive levels of debt.



Read full report here

[Timeliness of local auditor reporting - Committee of Public Accounts \(parliament.uk\)](#)

Sustainability reporting in the public sector - CIPFA

Sustainability reporting in the public sector is in its infancy, and there is an evolutionary journey to be embarked upon – sooner rather than later.

Sustainability reporting is the recording and disclosure of an organisation's environmental impact caused by its activities. It has been widely adopted in the private sector, but in the public sector it is not the same story.

Having a clear understanding of the overall carbon footprint of the public sector is vital if we are to tackle climate change, find solutions and encourage sustainable development.

Public sector sustainability reporting: time to step it up' provides answers and positive steps to addressing the most pressing challenges around public sector sustainability questions. The current patchwork of public sector sustainability reporting frameworks are inconsistent and confusing. The report draws on already existing standards and frameworks that are relevant and useful to the public sector, rather than trying to reinvent the wheel.

Alignment to financial reporting

The report recommends an approach that aligns sustainability reporting with the wider practice of financial reporting. The four key areas in this approach are governance, the management approach, performance and targets, and strategy. 'Public sector sustainability reporting: time to step it up' provides public finance professionals with a good understanding of what information needs to be disclosed and the process in producing a high quality report.

Read full report from CIPFA here

[Sustainability Reporting \(cipfa.org\)](https://www.cipfa.org/sustainability-reporting)





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