

Audit Progress Report and Sector Update

**Essex Police, Fire and Crime
Commissioner**

Essex Chief Constable

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) and the Chief Constable (CC), ensuring you have access to Grant Thornton's full service offering;
- being a key contact for the Chief Finance Officer of both entities and the Joint 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 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 Joint 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 joint audit plan, the joint 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 Joint Audit Committee with a report on progress in delivering our responsibilities as your external auditors

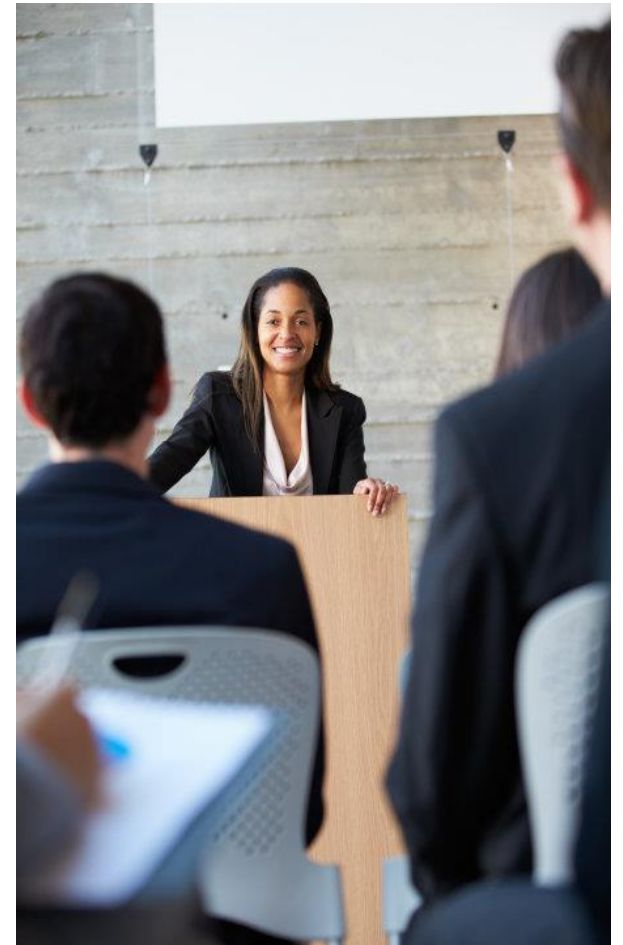
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Joint 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 police 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 Police and Crime Commissioner and Chief Constable's control environment;
- updating understanding of financial systems;
- a review of Internal Audit reports on core financial systems;
- understanding how the Police and Crime Commissioner and Chief Constable make material estimates for the financial statements;
- early work on emerging accounting issues

We received your draft financial statements on 17 August 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 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

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.

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 Police and Crime Commissioner and Chief Constable. 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 Police, Fire and Crime Commissioner, Chief Constable and JAC members are set out in our Sector Update section of this report.

2021/22 auditor's annual report

On the 06 September 2023 we issued our 2021/22 joint auditor's annual report which contains our value for money work on the 2021/22 financial year. This report is included as a separate item on the agenda. The work was completed in May and following receipt of management responses, we were able to finalise the report in September.

Following the completion of the 2021/22 auditor's annual report, we plan to issue the certificates to close the 2021/22 accounting period. The certificates will be published on the Chief Constable's and the Police, Fire and Crime Commissioner's website.

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 Joint Audit Committee 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 was reported to the September 2022 Joint Audit Committee.</p> <p>Update: As communicated to the Joint Audit Committee in November 2022, the audit was delayed as a result of issues identified from our audit testing, slow responses to our queries from your finance team and because we had not received a response from the auditors of the Essex County Council pension fund. These issues were resolved in early 2023 and an updated Audit Findings Report was issued in February 2023.</p>	September 2022	Complete
<p>Auditors Report</p> <p>This is the opinion on your financial statements and annual governance statement. An unmodified audit opinion was issued on 22 February 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>	April 2023	Complete – report is included as a separate agenda item

2022/23 Deliverables

2022/23 Deliverables

	Planned Date	Status
<p>Accounts Joint Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Joint Audit Committee setting out our proposed approach in order to give an opinion on the 2022-23 financial statements.</p> <p>We issued our Audit Plan to the PFCC and CC in June 2023. This was shared to the Joint Audit Committee in June 2023.</p>	June 2023	Complete
<p>Joint Audit Findings (ISA260) Report</p> <p>The Joint Audit Findings Report will be reported to the PFCC and CC in January 2024. The Joint Audit Findings Report will then be reported at the next Joint Audit Committee.</p>	January 2024	Not due yet
<p>Auditors Reports</p> <p>These are the opinions on your financial statements and annual governance statements.</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 Joint 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

Home Office



Home Office

Courts operate at full throttle to cut delays

The Crown Court will work at maximum capacity for the third year running to reduce waiting times to deliver access to justice. The decision to continue not to cap judicial 'sitting days' will mean the Crown Court can hear the highest possible number of criminal cases this year.

Court buildings across the country will also benefit from £220 million for essential modernisation and repair work across the next 2 years, meaning annual investment will increase to £120 million by March 2025 - to minimise disruptions caused by old buildings. These improvements will maintain the heritage of the estate while ensuring it is equipped with the latest technology to deliver modern justice, as well as improving accessibility for all court users. The announcement builds on the 24 Nightingale courtrooms – opened as temporary spaces to boost capacity following the pandemic – that have remained open in 2023.

The Crown Court worked for more than 100,000 sitting days across the country last year after the caps in place before the pandemic were removed. It heard cases for more than 98,500 days in 2021/22 after the Ministry of Justice first lifted the cap, compared to around 82,000 in 2019/20. In May and June this year, criminal courts dealt with thousands more cases compared to previous months as judges, court staff and those across the legal profession worked to tackle the outstanding caseload. Over 10,000 days were sat in March alone - the most days in a single month since July 2015.

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

HMICFRS

New police performance data published

Data about police performance has been consolidated and made available.

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) has worked closely with the National Police Chiefs' Council (NPCC), Association of Police and Crime Commissioners (APCC), College of Policing, National Crime Agency (NCA) and Home Office to publish the new public-facing Digital Crime and Performance Pack.

The data shows the performance of all 43 police forces in England and Wales against the measures in the Government's beating crime plan, including homicide and burglary.

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



HMICFRS

Policing is making progress in some areas, but forces still need to get a grip on performance

In a new report, His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) has highlighted police forces' progress in recording crime, increasing from an estimated 80.5 per cent of all crime being recorded (excluding fraud) in 2014 to 92.4 per cent at the end of 2021/2022 inspections.

However, the inspectorate has found that too many forces are failing to properly understand and manage their own performance, meaning they don't know what issues are most important to tackle and where and how they can improve.

Inspectors highlighted several other issues that policing needs to address to improve the service they provide to the public. These include:

- too many forces make decisions based on poor data or insufficient analysis of data;
- forces too often have knee jerk reactions to long term problems and don't work proactively enough to prevent issues arising in the first place;
- first-line supervisors are critical to improving performance and developing the right culture in forces, but they are not getting the investment and support they need;
- the public is too often being failed at the first point of contact, with long call delays, in particular non-emergency 101 calls; and
- the workforce is increasingly under-resourced and under skilled, with forces not doing enough to understand why such a large proportion of its workforce are leaving and having any plans in place to tackle it.

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



HMICFRS - A report into the effectiveness of vetting and counter-corruption arrangements in Essex Police

In November 2022, HMICFRS inspected Essex Police to examine the effectiveness of the force's vetting, IT monitoring and counter-corruption arrangements.

Essex Police is **good** at vetting, IT monitoring and counter-corruption.

The report reflected on the good progress Essex Police had made in these areas. The report did highlight one area for improvement which the force may have already addressed.

A link to the full publication can be found here:

[Publications - HMICFRS](#)

Area for improvement

The force should improve how it collects, assesses, develops, and investigates counter-corruption intelligence by ensuring that its counter-corruption unit has sufficient resources and suitably trained staff to meet demand and allow for proactive intelligence collection.



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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