

# Joint Audit Committee Update for the Warwickshire Police and Crime Commissioner and Chief Constable; and the West Mercia Police and Crime Commissioner and Chief Constable

## Progress Report and Update Year ending 31 March 2018

18 September 2017

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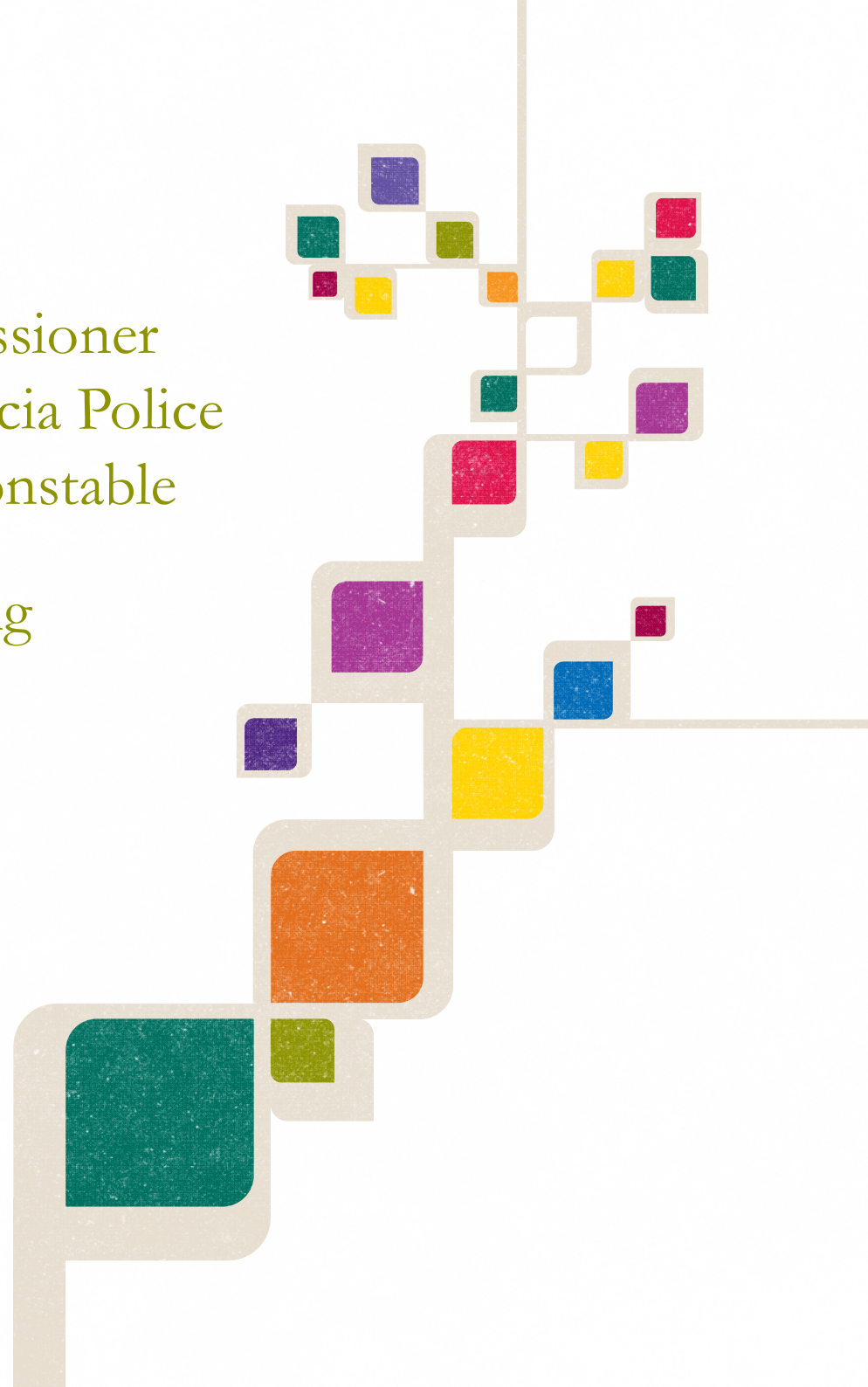
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# Introduction

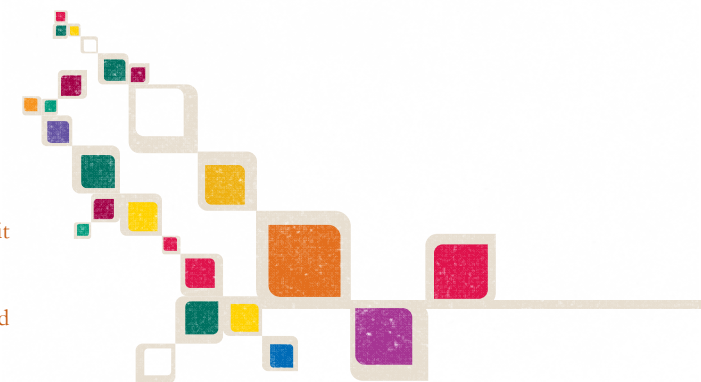
This paper provides the Joint Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Joint Audit Committee can find further useful material on our website [www.grantthornton.co.uk](http://www.grantthornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications and insights including:

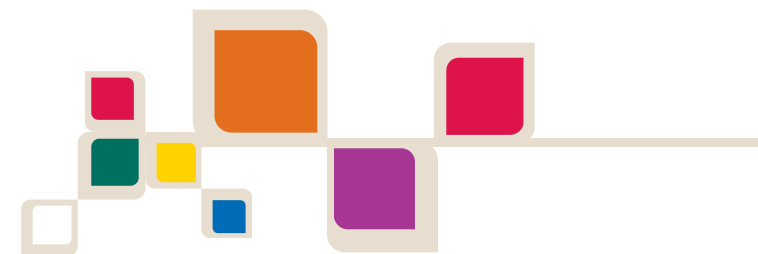
- ‘Hard’ or ‘soft’ Brexit: balancing autonomy and access (August 2017);  
<http://www.grantthornton.co.uk/en/insights/hard-or-soft-brex-it-balancing-autonomy-and-access/>

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. Their contact details are provided on the front page of this update.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



# Progress to date



2017/18 work	Planned Date	Complete?	Comments
<b>Fee Letter</b>			
We are required to issue a 'Planned fee letter' for 2017/18 to both the Police and Crime Commissioner (PCC) and the Chief Constable.	June 2017	Yes	The 2017/18 fee letters were presented to the June 2017 Joint Audit Committee.
<b>Accounts Audit Plan</b>			
We are required to issue a detailed accounts joint audit plan covering the audit for the PCC and the Chief Constable, setting out our proposed approach in order to give an opinion on the PCC's group financial statements, including the statements of the Chief Constables in 2017/18.	March 2018	Not due	We will present our audit plans to the Joint Audit Committee in March 2018
<b>Interim accounts audit</b>			
Our interim fieldwork visits covers work on both the PCC's and the Chief Constable's arrangements, including: <ul style="list-style-type: none"> <li>• updating our review of the control environments</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• proposed Value for Money conclusion work.</li> </ul>	To be confirmed – late 2017/early 2018	Not due	
<b>Final accounts audit</b>			
Covering the PCC's group financial statements, including the statements of the Chief Constable, we will: <ul style="list-style-type: none"> <li>• audit the 2017/18 financial statements</li> <li>• issue opinions on the 2017/18 financial statements</li> </ul>	To be confirmed – June/July 2018	Not due	We issued the opinion on your 2016/17 accounts on 31 July 2017 a year in advance of 31 July being the mandated deadline. You are therefore in a good position to achieve this going forward.

# Progress to date

2017/18 work	Planned Date	Complete?	Comments
<b>Value for Money (VfM) conclusion</b> <p>The Code requires us to consider whether the PCC and the Chief Constable have each put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. These are known as the Value for Money (VfM) conclusions. We issue separate conclusions for the PCC and for the Chief Constable.</p> <p>The National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. It identifies one single criterion for auditors to evaluate:</p> <p>In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.</p> <p>This is supported by three sub-criteria as set out below:</p> <ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Sustainable resource deployment</li> <li>• Working with partners and other third parties</li> </ul>			
	To take place November 2017 to July 2018.	Not due	We plan to complete the majority of our work programme by Easter 2018. We will then refresh our understanding prior to issuing the opinion in July 2018
<b>Annual Audit Letter</b> <p>We will summarise all the work completed as part of our 2017/18 audit which will be issued after the opinion.</p>			
	September 2018	Not due	
<b>Other activities</b> <p>We provide a range of workshops, along with network events for members and publications to support the PCC, Chief Constable and key officers.</p>			
			We delivered a presentation to JAC members on the role of Audit Committee members and the external auditor on 19 June 2017.



# Police Sector Accounting and other issues







# CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18

## Code of Practice on Local Authority Accounting in the United Kingdom 2017/18

CIPFA/LASAAC has issued the Local Authority Accounting Code for 2017/18. The main changes to the Code which will impact on your accounts include:

- amendment to section 3.1 (Narrative Reporting) to introduce key reporting principles for the Narrative Report
- updates to section 3.4 (Presentation of Financial Statements) to clarify the reporting requirements for accounting policies and going concern reporting
- following the amendments in the Update to the 2016/17 Code, changes to sections 4.2 (Lease and Lease Type Arrangements), 4.3 (Service Concession Arrangements: Local Authority as Grantor), 7.4 (Financial Instruments – Disclosure and Presentation Requirements)
- disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure.

### Challenge questions:

- Is management aware of the changes to the 2017/18 Code and have they assessed the potential impact?



# Apprenticeship Levy, HMRC's view is that PCCs and Chief Constables will each be entitled to a £15,000 levy allowance

## Apprenticeship Levy

In April 2017, HMRC introduced the apprenticeship levy. Employers with a pay bill over £3 million each year must pay the apprenticeship levy from 6 April 2017.

HMRC have been giving further consideration as to whether the PCC and Chief Constable are connected companies under Schedule 1 of NICA 2014, and the legal status of a Police and Crime Commissioner (PCC) and the Chief Constable. HMRC has reviewed again the apprenticeship levy position for PCCs and Chief Constables. In particular, they have considered the Local Government Finance Act 1992 and can see that Section 26 of the Police Reform and Social Responsibility Act 2011 has amended the definition of “precepting authority” in section 39 of the Local Government Finance Act 1992 to include a PCC. A PCC therefore can't be considered to be a company within the meaning of section 1121 of the Corporation Tax Act 2010, which excludes a local authority from the definition of company for the purposes of the Corporation Tax Acts.

In HMRC's view, the connected companies rules therefore do not apply and so the question of control does not arise. This therefore means that PCCs and Chief Constables will each be entitled to a £15,000 levy allowance.

## Challenge questions:

- Is management aware of the latest HMRC development and have they considered how this will impact the PCC and Chief Constable?



# Police Workforce Statistics published July 2017

## Police Workforce England and Wales statistics

The Home Office reported the latest workforce statistics via the biannual Police Workforce, England and Wales Publication in July 2017. The report publishes statistics on police workforce numbers in the 43 police forces in England and Wales and the British Transport Police and covers data for police officers, police staff, police community support officers, designated officers and special constables. The datasets present information to 31 March 2017.

Key findings were as follows:

- **Police workforce** - There were 198,684 workers employed by the 43 police forces in England and Wales on 31 March 2017, a decrease of 2,237 or 1% compared with a year earlier. This is the lowest number in the police workforce since 31 March 2003. Similarly, police officer numbers have decreased in the last year, to 123,142 officers as at 31 March 2017. This is the lowest number of police officers at the end of a financial year since comparable records began in 1996. Records earlier than this are not directly comparable; however, they indicate that this is the lowest number of officers since 1985.
- **Joiners** - In 2016/17, 7,526 officers joined the 43 police forces in England and Wales, accounting for 6% of all officers. Excluding those who transferred from other forces, joiners accounted for 5% of all officers. This was an increase of 58% compared with the number of joiners in the previous year (4,755 joiners).
- **Diversity** - As at 31 March 2017, 6% of all officers were Black and Minority Ethnic (BME), the highest proportion since records began. Over the last year, 11% of joiners were BME, compared with 5% of leavers. By way of comparison, 14% of the England and Wales population is BME. As at 31 March 2017, 29% of all officers were female, again the highest proportion on record, and 33% of joiners were female, while 25% of leavers were female.
- **Officer wellbeing** - As at 31 March 2017, there were 2,358 police officers on long-term sick leave. This was a 2% decrease compared with the previous year (2,404 officers on long-term sick) and accounted for 2% of all police officers in England and Wales.

## Challenge questions:

- Is management aware of the report and do the statistics represent the trends that they are seeing within your force?



# Lord Ferrer's Awards for police volunteers 2017

## Lord Ferrers Awards 2017

Nominations for the 24th annual Lord Ferrers Awards to recognise the outstanding contribution of Special Constables, Police Support Volunteers and Volunteer Police Cadets opened on 18 August 2017.

This year a new category, the 'Technical Innovation Award', has been introduced to encourage recognition of 'cyber specials' and volunteers using technology creatively to combat the changing nature of crime. Last year almost 300 nominations were submitted by police forces across England and Wales, and for the first time, members of the public could also recommend volunteers for their service, 43 exceptional candidates were shortlisted.

Members of the public have from Friday 18 August until midnight on Sunday 17 September to make nominations. The awards ceremony will take place in central London in November 2017, where the winners will be presented with their awards by Home Officer Ministers, senior officials and Chief Police Officers. There are nine award categories for which nominations are invited.

Nominations can be made via <http://www.homeofficesurveys.homeoffice.gov.uk/s/FerrersAwardsNomination>

### Challenge questions:

- Did the Alliance considered nominating any of it's volunteers for one of the awards categories?



# Grant Thornton Publications





# Shaping a vibrant economy - A blueprint for the UK

## The UK is at a pivotal point in its history.

The recent election shows the need for government and politicians, nationally and locally, to work together to reshape our economy. Government cannot, and should not, do that alone. We all have a big role to play and have a desire and ability to make a difference.

Over the past 18 months, we have brought together more than 1000 community and business leaders up and down the UK to discuss what matters to them and how they can work together to bring this to life.

We collated these ideas and added feedback from our clients and contacts to create Shaping a vibrant economy - A blueprint for the UK, a set of policy recommendations that we will share with government.

We want the government to use this opportunity to unlock and accelerate our country's potential across three key areas.

- Trust - helping to restore purpose to financial markets, championing impact investing.
- Growth - putting collaboration at the heart of the UK's industrial strategy to boost exports, develop skills and unlock innovation.
- Place - devolving powers from Westminster and Brussels to foster vibrant local economies.

Grant Thornton will work with others to:

- Further develop our centre of excellence in exporting, specialising in strategy, finance and operational delivery, connecting businesses to key trade destinations and promoting global opportunities. By 2020, at least 20% of our people will have expertise in international trade.
- Roll out our School Enterprise Programme across the UK, enabling year 7 and 8 students to run their own business and develop financial literacy and entrepreneurial skills.
- Work with Touchpaper, a new not-for-profit network promoting collaboration between large corporates and start-ups, alongside other founding members: Bristows, Capgemini, Digital Catapult, Google, Multiple, Nesta and Tech City.

Our experience:

- At Grant Thornton UK we work with over 40,000 privately held businesses, public interest entities and individuals nationwide.
- Grant Thornton member firms operate in over 130 countries, linking our clients to advisers around the world.
- We advise clients on how to unlock growth in domestic and international markets.
- As part of the government's apprenticeship programme, we have led the development of a business administration and customer management apprenticeship framework and we have recently launched a graduate level

## Grant Thornton reports

### Challenge question:

Are members of the Committee and Officers familiar with this report?



Further details on this insight can be found here:  
<http://www.grantthornton.co.uk/en/insights/shaping-a-vibrant-economy-a-blueprint-for-the-uk/>

# Mental health in prisons

The Government does not know how many people in prison have a mental illness, how much it is spending on mental health in prisons or whether it is achieving its objectives.

It is therefore hard to see how Government can be achieving value for money in its efforts to improve the mental health and well being of prisoners, according to a report by the National Audit Office. Her Majesty's Prisons and Probation Service (HMPPS), NHS England and Public Health England have set ambitious objectives for providing mental health services but do not collect enough or good enough data to understand whether they are meeting them.

Rates of self-inflicted deaths and self-harm in prison have risen significantly in the last five years, suggesting that mental health and well-being in prison has declined. Self-harm rose by 73% between 2012 and 2016. In 2016 there were 40,161 incidents of self-harm in prisons, the equivalent of one incident for every two prisoners. While in 2016 there were 120 self-inflicted deaths in prison, almost twice the number in 2012, and the highest year on record. Government needs to address the rising rates of suicide and self harm in prisons as a matter of urgency.

In 2016, the Prisons and Probation Ombudsman found that 70% of prisoners who had committed suicide between 2012 and 2014 had mental health needs.

The Ministry of Justice and its partners have undertaken work to identify interventions to reduce suicide and self-harm in prisons, though these have not yet been implemented.

While NHS England uses health needs assessments to understand need these are often based on what was provided in previous years, and do not take account of unmet need. The NAO estimate that the total spend on healthcare in adult prisons in 2016-17 was around £400 million. HMPPS does not monitor the quality of healthcare it pays for in the six privately-managed prisons it oversees.

The prison system is under considerable pressure, making it more difficult to manage prisoners' mental well-being, though government has set out an ambitious reform programme to address this pressure. NOMS' (National Offender Management Service) funding reduced by 13% between 2009-10 and 2016-17, and staff numbers in public prisons reduced by 30% over the same period. When prisons are short-staffed, governors may run restricted regimes where prisoners spend more of the day in their cells, making it more challenging for prisoners to access mental health services. Staffing pressures can make it difficult for prison officers to detect changes in a prisoner's mental health and officers have not received regular training to understand mental health conditions, though the Ministry plans to provide more training in future.

The challenges of delivering healthcare are compounded by the ageing prison estate, over a quarter of which was built before 1900 and without modern healthcare in mind. The Ministry has a programme to replace the ageing estate with modern buildings.

## National Audit Office reports

### Challenge question:

Is the Alliance familiar with this report?

While clinical care is broadly judged to be good, there are weaknesses in the system for identifying prisoners who need mental health services. Prisoners are screened when they arrive in prison, but this does not always identify mental health problems and staff do not have access to GP records, which means they do not always know if a prisoner has been diagnosed with a mental illness. NHS England is in the process of linking prison health records to GP records to address this.

Post screening those identified as eligible mentally ill prisoners should wait no more than 14 days to be admitted to a secure hospital, but only 34% of prisoners were transferred within 14 days in 2016-17 while 7% (76) waited for more than 140 days.

The NAO report can be found here:

<https://www.nao.org.uk/report/mental-health-in-prisons/>



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