

Informing the Audit Risk Assessment for West Mercia Police 2022/23

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between West Mercia Police's external auditors and West Mercia Police's Joint Independent Audit and Standards Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Joint Independent Audit and Standards Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Joint Independent Audit and Standards Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Joint Independent Audit and Standards Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Joint Independent Audit and Standards Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Joint Independent Audit and Standards Committee and supports the Joint Independent Audit and Standards Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Police's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from West Mercia Police's management. The Joint Independent Audit and Standards Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2022/23?	There have not been any changes during 22/23 which we consider would have a significant impact on the 22/23 accounts.
2. Have you considered the appropriateness of the accounting policies adopted by West Mercia Police? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	The accounting policies have been considered and are deemed appropriate and no events or transactions have taken place that have resulted in changes to the accounting policies in 2022/23. CIPFA LASAAC have extended the deadline for adopting IFRS 16 to 24/25, with the option for early adoption available. West Mercia have decided not to take this option and this standard will be adopted in 24/25.
3. Is there any use of financial instruments, including derivatives? If so, please explain	The PCC only holds simple financial instruments (investments and borrowings), which is reflected in the scope of the relevant Note to the Accounts. No derivatives have been used during the year. West Mercia has employed the services of Arlingclose Treasury Management Advisors who provide information regarding the suitability of investments and provide support in developing our Treasury Management strategy to ensure that it is affordable in the medium to long term
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	No transactions outside the normal course of business have occurred during 2022/23.

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	The valuations that have been undertaken for non-current assets during 2022/23 have not resulted in significant changes from the restated 2021/22 values for these assets.
6. Are you aware of any guarantee contracts? If so, please provide further details	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	None identified
8. Other than in house solicitors, can you provide details of those solicitors utilised by West Mercia Police during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Panel solicitors (DWF and Plexus Law) are utilised for certain types of civil and insurance claims, this would include open litigation and ongoing cases from the previous financial year. The PCC's office instruct Warwickshire County Council Legal Services for commercial property work.

General Enquiries of Management

Question	Management response
9. Have any of the West Mercia Police's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	None.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Specialist counsels chambers were utilised to provide advice, draft pleadings and attend court and regulatory proceedings, in complex legal cases. Specialist counsel has also provided training to the Legal Services team and wider force. The force's insurance broker has been consulted in relation to insurance policy related matters and has also assisted in the renewal process. The broker will be assisting with the re-tendering taking place in 2023. The Government Actuary's Department (GAD) and the Worcestershire Pension Fund have been utilised to provide pension valuations under IAS19 for the Statement of Accounts. Arlingclose (treasury management) and BDO (tax) continue to be used to provide advice on Treasury Management and tax issues respectively.
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	None identified – bad debt provision for Debtors assessed and considered to be sufficient as at 31 March 2023.

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Joint Independent Audit and Standards Committee and management. Management, with the oversight of the Joint Independent Audit and Standards Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Joint Independent Audit and Standards Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As West Mercia Police's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Joint Independent Audit and Standards Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Joint Independent Audit and Standards Committee oversees the above processes. We are also required to make inquiries of both management and the Joint Independent Audit and Standards Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from West Mercia Police's management.

Fraud risk assessment

Question	Management response
<p>1. Has West Mercia Police assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Police's risk management processes link to financial reporting?</p>	<p>The risk has been assessed as low. The structure of the Finance team has ensured that there are sufficient, professional resources in the team to minimise the risk of error in the financial statements; this is reflected in the findings set out in Grant Thornton's Audit Findings Report for 2021/22.</p> <p>Fraud was not identified as part of the risk management process as a significant risk; it doesn't feature in the risk register. Internal controls are deemed to be adequate.</p> <p>Where necessary, risks are identified and reported in the force's monthly financial reporting document "Money Matters" that is produced by the finance team for reporting at the various Chief Officer meetings, including the West Mercia Governance Group.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Areas that are at risk of significant fraud in relation to materiality such as Treasury Management, Creditor Payments, New Supplier Set-up, Payroll, and Bank Reconciliations are regularly reviewed by Internal Audit and procedures are in place to ensure that there is sufficient separation of duties.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within West Mercia Police as a whole, or within specific departments since 1 April 2022? If so, please provide details</p>	<p>Currently an investigation into alleged fraudulent activities within the WMP federation; Op Meteor. This is being investigated by WP PSD and managed by IOPC. The investigation commenced well before 1st April 2019, and is still ongoing and is still being investigated as a criminal act.</p>

Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Theft and fraud features within the regional strategic threat assessment for PSD's. Forms part of our overarching themes when looking at learning and education of workforce. Weekly PSD report on current activity sent to Chief Officers and the PCC. PSD briefing from Chief Officers to the PCC - there is a Terms of reference document setting out what should be discussed. Quarterly briefing of the PCC on current activity from the head of PSD and includes the DCC as the SRO. The PSD have responsibility for investigation of significant fraudulent activity.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within West Mercia Police where fraud is more likely to occur?</p>	<p>Fraud was not identified as part of the risk management process as a significant risk; it doesn't feature in the risk register.</p> <p>In departments where finances are handled outside of the force budgetary structure; for example around partners / support bodies and commissioned services.</p> <p>Areas with a high cash handling such as Seized property or possibly Business Support, however, controls are in place to protect the security of cash and balances are regularly confirmed and reconciled by multiple individuals. The value of cash held is also now extremely low.</p>
<p>6. What processes do West Mercia Police have in place to identify and respond to risks of fraud?</p>	<p>There is an overall documented anti-fraud corruption strategy available on the PCC's website. Processes in place include: Controls within all systems Financial regulations Contract standing orders Whistleblowing Policy / Integrity Line (see below) There are also thorough vetting checks in place and the annual completion of an integrity health check form.</p>

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for West Mercia Police, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Internal Audit reviews the existence and operation of internal controls and weaknesses are addressed. For example, ensuring that there is appropriate separation of duties for relevant processes. The Joint Audit and Standards Committee reviews quarterly both the work of internal Audit and progress made by the PCC and the Force in remedying weaknesses in internal controls identified by both Internal and External Audit.</p> <p>The Chief Constable is accountable to the PCC for performance against the delegated budget. The PCC is ultimately responsible to the public for delivering efficient and effective policing in the area. Each is supported by a S151 finance officer governed by the Financial Management Code of Practice and a professional code of conduct. In turn the S151 officers have a body of staff reporting to them who administer financial systems and prepare financial reports and accounts. The checks and balances inherent in this arrangement means that one individual cannot exert undue pressure and the likelihood of systematic misreporting across the Office of the PCC and staff of the Chief Constable is very unlikely.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>Potentially, in departments where finances are handled outside of the force budgetary structure; for example around partners / support bodies and commissioned services, although there is no evidence to suggest that this is the case.</p>

Fraud risk assessment

Question	Management response
<p>9. How does West Mercia Police communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>The College of Policing Code of Ethics has been adopted by the force as part of the vision and values. Work has been undertaken to embed this in the organisation. The use of professional standards regular training workshops promotes good business practice. The Force has a Trust and Integrity Board to raise awareness of ethical issues affecting policing and to further embed the Code of Ethics. The Board incorporates our fairness and Standards policy and report s to the People Board. The chair of the Trust and Integrity Board is an Independent member (lecturer at local University), and the vice chair (Inspector for the OCC) attends the regional and national Ethics Committee so the Force has direct contact and influence at national level. In this way the Force can be assured that it is in line with the national work in this area and able to influence and share with the wider workforce. Role of PSD is now on the panel of critical friends; to encourage more openness of dilemmas and discussions. Reminders are also sent out to all managers regarding mandatory training.</p> <p>The facility for employees to confidentially report concerns is available on the Intranet. Employees can either call the Integrity line or complete an online reporting form, both methods are anonymous. The whistle-blower policy follows the recent guidance issued under Annex H of the Home Office Guidance on Police Officer Misconduct Procedure. There is additional scrutiny now by PSD around force credit card checks, mobile phone use, and personal financial situations to identify vulnerability.</p> <p>No.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Those areas that have access to secure information, such as data on PNC, present an opportunity for individuals to be corrupted. In addition, posts that have access to funds, or investigations into serious organised crime where high value finances are involved are also vulnerable. Review of positions that require MV (Management Vetting) has allowed PSD to identify posts which could present as high vulnerability.</p> <p>Regular audits and reviews of system access, finance checks and annual integrity health checks of individuals provide overview of potential vulnerability/ suspicious activity and behaviour.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p>	<p>No.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Joint Independent Audit and Standards Committee?</p> <p>How does the Joint Independent Audit and Standards Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>This would depend on the nature and scale of the fraud, and could be via the internal auditors regular/annual reports, or by a separate report for larger scale frauds. Internal Audit would work closely with the Professional Standards Department on internal fraud matters.</p> <p>The risk register is reviewed by the Joint Audit and Standards Committee (JASC). Internal and external audit progress updates and reports are presented at each JASC meeting. A progress report is presented at each JASC meeting detailing progress against the implementation of recommendations. JASC have oversight of the PCC and Chief Constable Annual Governance Statements. There have been no substantive issues requiring any outcome.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>The whistleblowing claim identified in 21/22 is ongoing. Liability is denied and proceedings to be defended at trial in May 2023. Damages for injury to feelings for full claim (including whistleblowing element) if claimant successful capped at £45,000.</p> <p>West Mercia are on notice of a potential whistleblowing claim arising from asserted disclosures in 22/23. Subject to investigation under whistleblowing procedure and no legal proceedings issued to date.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No.</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Joint Independent Audit and Standards Committee, is responsible for ensuring that West Mercia Police's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Joint Independent Audit and Standards Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does West Mercia Police have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Police's regulatory environment that may have a significant impact on the Police's financial statements?</p>	<p>Reliance is placed on internal audit and management judgment and internal and external audit reports are received by the JASC. An Annual Governance Statement is also presented to the JASC for review.</p> <p>It is the role of the monitoring officer to ensure compliance with laws and regulations. The PCC's Chief Executive is the monitoring officer. The Chief Finance Officer (Section 151 Officer) and Head of Legal Services (for the Force) also fulfil this role.</p> <p>Governance arrangements in place to review and sign off significant investment decisions. All capital and reserve decisions require PCC approval. Any new investment require a business case to be brought through various boards to the Governance Board.</p>
<p>2. How is the Joint Independent Audit and Standards Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The JASC receives internal and external audit reports. Annually the Chief Constable and Police and Crime Commissioner present a Joint Annual Governance Statement for review by the JASC.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2022 with an on-going impact on the 2022/23 financial statements? If so, please provide details</p>	<p>No.</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>West Mercia have 83 individual pension discrimination claims, which form part of national litigation arising out of the changes to the Police pension Scheme. Claims are ongoing but the Secretary of State for the Home Department (joint defendant) is in the process of negotiating settlement of all claims on behalf of all defendants (43 forces). Full remedy implementation expected by 23/24.</p> <p>WMP are also involved in national litigation regarding police overtime claims and the force has 20 individual claims. Judgment made in Claimant's favour in 22/23 and settlement of all claims now being progressed and expected to be finalised in 23/24.</p>

Impact of laws and regulations

Question	Management response
<p>5. What arrangements does West Mercia Police have in place to identify, evaluate and account for litigation or claims?</p>	<p>Specific claims are received by the Force and investigated in conjunction with the Force Insurers, Legal Services and Professional Standards. Where appropriate, specialist counsel is instructed to advise, draft court pleadings and represent the force at court hearings.</p> <p>A reserve is placed on any civil claim and reviewed annually as part of the process of producing the financial statements to determine whether a provision or contingent liability needs to be disclosed.</p> <p>Environmental scanning identifies general issues that might impact on the Force and these are evaluated in light of the evidence.</p> <p>The force's Corporate Governance Framework ensures appropriate compliance, monitoring and good practice. In particular, various meetings are held to review case trends, financial impact etc. The force also has high risk registers for high value claims.</p>
<p>6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details</p>	<p>No.</p>

Related Parties

Matters in relation to Related Parties

West Mercia Police are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by West Mercia Police;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Police;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Police, or of any body that is a related party of the Police.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Police's perspective but material from a related party viewpoint then the Police must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in West Mercia Police's 2021/22 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and West Mercia Police whether West Mercia Police has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>There have been no changes.</p>
<p>2. What controls does West Mercia Police have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Related party transactions disclosure forms are completed on an annual basis by all Senior Officers. Business interests of police officers and staff are updated on an annual basis. A Register of Interests is also maintained for both the PCC and Deputy PCC which is available on the internet. Annual Accounts disclosures for related party relationships and transactions are required under The Code of Practice on Local Authority Accounting</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Processes in place include:</p> <ul style="list-style-type: none"> Controls within all systems Financial regulations Contract standing orders
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Any expenditure outside of approved budget and delegated limits requires a decision notice from the PCC. This covers additional revenue expenditure, funding of projects from reserves, and capital projects.</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by West Mercia Police will no longer continue?	Statutory and policy changes are considered when reviewing the medium term financial plan and regular MTFP updates are reported to the Police and Crime Commissioner and the Police and Crime Panel, which demonstrate continuing financial viability. The affordability of capital investment is regularly assessed and monitored.
2. Are management aware of any factors which may mean for West Mercia Police that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No.
3. With regard to the statutory services currently provided by West Mercia Police, does West Mercia Police expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for West Mercia Police to cease to exist?	Yes the PCC and CC expect to deliver their statutory services for the foreseeable future.
4. Are management satisfied that the financial reporting framework permits West Mercia Police to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes.

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Joint Independent Audit and Standards Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Joint Independent Audit and Standards Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Significant estimates that management are aware of are detailed in the Accounting Estimates Summary
2. How does the Police's risk management process identify and address risks relating to accounting estimates?	<p>The majority of the accounting estimates are related to Balance Sheet items, which have statutory overrides which ensures that in the short term changes do not impact on the general fund. The estimates are supported by the work of professional advisors. There has been no identified need to have a separate process outside of the normal risk management process which involves regular review sessions between all heads of departments and the force risk manager. If any material risk was identified it would be addressed through this process. No such risk has been identified.</p> <p>Reliance is placed on the professional judgement of qualified accountants to produce best estimates based on available evidence in relation to year end accruals.</p>
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	See the Accounting Estimates Summary.
4. How do management review the outcomes of previous accounting estimates?	In respect of year end accruals, these are reviewed in the first two months of the new financial year to ascertain that the estimates were reasonable and there are no significant variance from the estimates that will impact on the financial performance in the new financial year. Other items such as PPE valuations and Pensions valuations are only prepared annually so would be reviewed as part of the following year's closedown process.
5. Were any changes made to the estimation processes in 2022/23 and, if so, what was the reason for these?	No changes have been made to the estimation processes in 22/23.

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Where specialised skills are required in respect of particular accounting estimates, e.g. valuations of the pension liabilities and valuation of non-current assets, management commission experts to prepare the valuations for these items. Further information is included in the Accounting Estimates Summary.
7. How does the Police determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	For all significant estimates,/ qualified accountants set out the requirements of the management expert in a formal letter each year and provide details of assets that require estimates to be made. All reports and assumptions from management experts are reviewed by the accountants to consider whether they are consistent with their financial understanding. Any areas of concern over the information used, assumptions made or valuations provided are queried back to the management experts to provide confirmation that methods and models used are reasonable.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Annual review of estimates as part of the Statement of Accounts preparation. Appropriate experts used for certain estimates as set out in the Accounting Estimates Summary.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements.	The accounting estimates are reviewed by the JASC to comment on their adequacy and to provide oversight on whether the assumptions, models and methods used are deemed to be adequate. The JASC oversight provides opportunity to question management about whether estimates are reasonable and cover all areas of the financial reporting.

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in the Accounting Estimates management summary)? If so, what are they?	No.
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in the Accounting Estimates management summary, are reasonable?	Accounting Estimates are made using the most current information available at the time and using the necessary skills and knowledge of experts within the field. Where this expertise is not available in house, appropriately qualified contractors are used. No changes have been made to the basis of accounting estimates used in prior years and no notable differences have been identified from prior year estimates.
12. How is the Joint Independent Audit and Standards Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Briefing sessions are held each year with the JASC Members to take them through the Accounts and to explain areas such as accounting estimates, assumptions, events after balance sheet date, significant items of expenditure etc. Members can scrutinise any aspect of the Accounts as they deem necessary.



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