

Audit Committee Update for Wiltshire Police and Crime Commissioner and Chief Constable

Year ended 31 March 2015

June 2015

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Introduction

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; and
- issues for consideration in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Local Government Pension Schemes Governance Review, a review of current practice, best case examples and useful questions to assess governance strengths
- Developing picture, our first national report, which evaluates how the sector is responding to the Police Reform and Social Responsibility Act 2011 (PRSRA).

There are also a number of reports aimed at Local Government, which you may also find to be of interest:

- Spreading their wings :Building a successful local authority trading company
- Easing the burden: The impact of welfare reform on local government and the social housing sector

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 Audit Manager.

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Progress at February 2015

Work	Planned date	Complete?	Comments
<p>2014-15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Police and Crime Commissioner (PCC) and the Chief Constable (CC) setting out our proposed approach in order to give an opinion on the Police and Crime Commissioner and the Chief Constable's 2014-15 financial statements.</p>	April 2015	Yes	Presented to the June meeting of the Audit Committee.
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Police and Crime Commissioner and the Chief Constable's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	February to April 2015	Yes	The findings from the results of our interim work are reported as part of our audit plan.
<p>2014-15 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2014-15 financial statements • proposed opinion on the Police and Crime Commissioner and the Chief Constable's accounts • proposed Value for Money conclusion. 	July to September 2015	Not yet due	We have had early discussions with the finance team on the approach to group accounts and will liaise on any other matters arising.

Progress at February 2015

Work	Planned date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2014-15 VfM conclusion comprises:</p> <ul style="list-style-type: none">• A review of whether the organisation has proper arrangements in place for securing financial resilience• A review of whether the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.	January to August 2015	Not yet due	We will inform our review from review of documents and interview with key staff. We will consider your plans for collaboration and partnership working as part of our value for money conclusion work.

Emerging issues and developments

Accounts and Audit Regulations 2015

Regulation 10 provides for the Publication of statement of accounts, annual governance statement and narrative statement for Category 1 authorities

10.—(1) A Category 1 authority must, after approving the statement of accounts in accordance with regulation 9(2) but not later **than 31st July** of the financial year immediately following the end of the financial year to which the statement relates, publish (which must include publication on the authority's website)—

- (a) the statement of accounts together with any certificate or opinion, entered by the local auditor in accordance with section 20(2) of the Act;
- (b) the annual governance statement approved in accordance with regulation 6(2); and
- (c) the narrative statement prepared in accordance with regulation 8.

Regulation 15 provides for the Commencement of the period for the exercise of public rights

15.—(1) The responsible financial officer for a relevant authority must, on behalf of the authority, ensure that commencement of the period for the exercise of public rights under regulation 9(1)(b) or 12(3)(a) (as the case may be), takes place on such a day that ensures that the period referred to in regulation 14(1) includes—

- (a) the first 10 working days of June of the financial year immediately following the end of the financial year to which the statement relates, where that authority is a Category 1 authority;

However s 21 Transitory provisions provides that:

In relation to the financial years beginning in 2015 and 2016, these Regulations apply with the following modifications—

- (a) in regulation 10, paragraph (1) is to be read as if for “31st July” there were substituted “30th September”;
- (b) in regulation 15, paragraph (1)(a) is to be read as if for “June” there were substituted “July”.

Thus the regulations require that the deadline for preparing and auditing the accounts will be brought forward in 2018 for the 2017/18 accounts as set out in the new Accounts and Audit Regulations 2015 that came into effect on 1st April 2015. The audit deadline remains unchanged until 2018, but the regulations have brought forward the inspection period. The transitory provision delays the inspection period by one month to the 1st of July. As the accounts are already prepared by the 30th June it should not make a big difference until 2018 when this changes to 31 May. Of course many authorities are introducing streamlined procedures so that they conclude their 2016 and 2017 accounts earlier so that they are ready for the new deadlines.

Emerging issues and developments

HMIC

Inspection programme

Last year was one of significant change for HMIC, as it worked to design a new annual all-force inspection assessment, PEEL (police effectiveness, efficiency and legitimacy programme), while concurrently inspecting on areas of policing ranging from the response to reports of domestic abuse to the integrity of crime data. HMIC consulted widely on its approach to PEEL assessments and received helpful feedback which assisted it in developing the methodology for PEEL 2015/16.

Through consultation on its proposed 2015/16 inspection programme HMIC received broad support for the proposed approach and content and, based on this feedback, examined how it could better integrate and rationalise thematic and our joint inspections.

HMIC's programme for 2015/16 comprises a wide range of inspections from child protection to cyber crime, and firearms licensing to police legitimacy.

In addition to the PEEL assessments, there will be a number of national thematic inspections covering:

- 21st century child sexual exploitation;
- digital crime & policing (cyber crime);
- child protection;
- so-called honour-based violence;
- missing and absent children;
- firearms licensing;
- Police National Computer – use by non-police organisations; and
- Police National Database audit.

HMIC is also working with its Criminal Justice Joint Inspection partners to finalise an inspection programme that represents an extensive examination of major issues across a wide spectrum of criminal justice activity. Subject to final consultation, joint inspections that HMIC will lead in 2015/16 include local criminal justice partnerships; and identifying vulnerability in police prosecution case files.

Emerging issues and developments

Central Government

Queen's Speech

In the Queen's speech of 28 May 2015, specific reference was made to a Policing and Criminal Evidence Bill.

The Proposed Benefits include:

- Putting a stop to people remaining on bail for months or even years with no independent oversight of the police's investigation.
- Creating legislative consistency within the Police and Criminal Evidence Act (PACE) to ensure that 17 year olds are treated as children under all its provisions.
- Reforming legislation in relation to the detention of people under sections 135 and 136 of the Mental Health Act 1983 to ensure better outcomes for those experiencing a mental health crisis.
- Changing HMIC's statutory remit and functions to strengthen its independence, extend its remit and allow it to comment on the efficiency and effectiveness of policing as a whole.
- Reforming the police disciplinary and complaints systems to ensure the public have confidence in their ability to hold the police to account and that police officers will uphold the highest standards of integrity.
- Extending regulations to former police officers to enable forces to conclude misconduct cases, notwithstanding an officer's departure from the force.
- Making the Police Federation subject to the Freedom of Information Act and enshrining its core purpose in legislation to improve its transparency and accountability. This will help to ensure that the Federation acts in the interests of both its members and the public.
- Providing enhanced protections for children by, subject to consultation, introducing sanctions for professionals who fail to take action on child abuse where it is a professional responsibility to do so.
- Going further to address those who refuse to pay off confiscation orders.
- Continue to reform the criminal justice system to protect better the public, build confidence and improve efficiency.

Key elements include:

- Changes to the Police complaints system including a stronger role for Police and Crime Commissioners
- Extending HMIC's remit to contractors and to Police and Crime Commissioner staff who are supporting the police and delivering policing functions
- Giving powers to the Chief Inspector to commission inspections that have not been included in HMIC's published programme.

Emerging issues and developments

HMIC

Joint inspection of the provision of charging decisions

This report, published in May 2015, details the findings of a joint inspection undertaken by Her Majesty's Inspectorate of Constabulary (HMIC) and Her Majesty's Crown Prosecution Service Inspectorate (HMCPPI) on the provision of charging decisions by the police and the Crown Prosecution Service (CPS).

The decision whether to charge someone with a criminal offence is a fundamental stage in the criminal justice process. Getting it right from the outset means that those who are innocent do not face the trauma of trial and there are just outcomes for the guilty and their victims. It is imperative that charging decisions (whether taken by the police or CPS prosecutors) are both timely and of a high quality. The inspection found that both those aspects need to improve.

Inspectors examined a sample of cases where the decision to charge the defendant had been made by police. In a high proportion of those cases (91.9%), the decision to charge the suspect was correct. However in just over a third the case should have been referred to the CPS in accordance with the Director's Guidance on Charging 5th Edition.

The report made a number of recommendations including:

- Police forces to ensure that there are sufficient trained decision-makers available so that timely high quality decisions are made in accordance with the Code for Crown Prosecutors and the Director's Guidance on Charging
- All police forces to have effective processes for the supervision and management of pre-charge bail in accordance with Authorised Professional Practice.
- The rationale for police decisions to take no further action or proceed by way of an out of court disposal to be recorded with the following information:
 - the decision-maker's application of the full Code for Crown Prosecutors test; and
 - in relevant cases, consideration of the gravity matrix.
- and, that wherever possible, that record is included on the MG3 form (the form the police must use when submitting a case to the CPS for a charging decision).

Issue for consideration

Has the Chief Constable reviewed the report and, where appropriate implemented the recommendations?

Emerging issues and developments

Accounting and audit issues

Pensions Ombudsman

A determination by the Pensions Ombudsman was published on 15 May 2015 that has potential implications for a number of members of the Firefighters' and Police Pension Schemes, and consequent financial implications for the Schemes themselves. The issue relates to the use of commutation factors when determining the reduced level of pension payable when an increased lump sum is taken.

The Pensions Ombudsman has agreed that commutations made between 2001 and 2006 should have been based on revised commutation factors and that GAD should have published and implemented these factors. They have stated that the payments made need to be recalculated. The ruling does not determine who will pay for any increased payments but recommends that the interested parties get together to discuss.

The Government Actuary's Department (GAD) understanding "is that any financial liability arising from this determination arose in the 2015/16 financial year as a result of the determination and government's response to it, and therefore any reserve or provision to be established in relation to claims from affected members is unlikely to affect the 2014/15 financial year accounting (although a note in the accounts may be considered appropriate). However, this is a matter for responsible authorities and their auditors to decide upon". We are currently considering our response to this issue.

We understand that DCLG have already started to collate the number of individuals involved and are meeting with HM Treasury to discuss options.

Issue for consideration

Has the issue been considered by the finance team?



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