

# Auditor's Annual Report on the Police and Crime Commissioner and Chief Constable for Dorset

2020-21

January 2023



# Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



Section	Page
Executive Summary	3
Commentary on the Police and Crime Commissioner's (PCC) and the Chief Constable's (CC) arrangements to secure economy, efficiency and effectiveness in their use of resources	4
Financial sustainability	5
Governance	9
Improving economy, efficiency and effectiveness	12
COVID-19 arrangements	14
Opinion of the financial statements	15
 Appendices	
A – The responsibilities of the PCC and the CC	17
B – An explanatory note on recommendations	18

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. 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.

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# Executive summary



## Value for money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Police and Crime Commissioner (PCC) and Chief Constable (CC) have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources. We are required to report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. The specified criteria are set out below

Criteria	Risk assessment	Findings
Financial sustainability	No risk of significant weakness identified	No significant weaknesses in arrangements identified
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified. One improvement recommendation made.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified



## Financial sustainability

The PCC and Chief Constable have a good track record of sound financial management and delivered an breakeven position in 2020/21, after a £760k transfer to reserves. The PCC and Chief Constable understand the financial risks which they faced and managed these risks by maintaining an appropriate level of reserves. Overall we are satisfied that the PCC and Chief Constable had appropriate arrangements in place to manage the risks they faced in respect of its financial resilience. We have not identified any risks of significant weakness or recommendations as a result of our review.



## Governance

We found the PCC and Chief Constable's governance arrangements to be effective, and did not identify any significant weaknesses. We have made one improvement recommendation.



## Improving economy, efficiency and effectiveness

The PCC and Chief Constable have put in place effective arrangements to improve economy, efficiency and effectiveness. No significant weaknesses or recommendations have been identified as a result of our review.

# Commentary on the PCC's and the CC's arrangements to secure economy, efficiency and effectiveness in their use of resources

All PCCs and CCs are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The PCC's and CC's responsibilities are set out in Appendix A.

PCCs and CCs report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the PCC and CC have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial sustainability

Arrangements for ensuring the PCC and CC can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the PCC and CC make appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the PCC and CC make decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the PCC and CC deliver their services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 5 to 17.

# Financial sustainability



## We considered how the PCC and the CC:

- identifies all the significant financial pressures they are facing and builds these into their plans
- plans to bridge funding gaps and identify achievable savings
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures financial plans are consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## Financial Context

The Comprehensive Spending Review and Government Settlements are reviewed by the Chief Constable's and PCC's Chief Finance Officers (CFO) on an ongoing basis to try to model future resource envelopes that Dorset Police will operate in. As for all police bodies, annual settlements and the lack of longer-term assurances over funding make financial planning more difficult and short-term in its focus. The three year settlement from 2022/23 will help bring further clarity around these planning assumptions.

The Home Secretary laid the Police Grant Report 2020/21 before the House of Commons on 17 December 2020. The report stated that overall funding for policing for 2021/22 would total up to £15.8 billion - a £636m increase on the previous year's settlement. Within this, available funding to PCCs would increase by up to an additional £703m.

The main grant for Dorset Police for 2021/22 is £75.3m. Core funding increased by £6.7m (4.75%). The Government announced an increase of £415m to government grants for the recruitment of a further 6,000 additional officers by the end of March 2022. Dorset's share of the increase was £2.2m. Dorset has been allocated 49 additional officers in 2021/22. In addition, like other police bodies, Dorset Police also received a one-off grant to reflect differences in council tax income pre-Covid and expected council tax income reduced due to Covid. Dorset Police was allocated £1.18m.

The PCC has had to consider what level of increase to set for council tax in 2021/22. PCCs had the flexibility to increase Council Tax by up to £15 in 2021/22. Taking the results of the budget consultation into account, the PCC decided to increase the council tax precept by £15, the maximum permitted.

The graph below is an extract from the HMICFRS Value for Money profiles and demonstrates how Dorset Police's funding is split.





## Overview of the arrangements to ensure financial sustainability

The Medium-Term Financial Strategy (MTFS) covers the PCC and Chief Constable, and clearly articulates the cost of delivering core services and of the financial inputs that are required to deliver these services efficiently.

The MTFS is embedded within the annual budget setting cycle to provide a longer term view of priorities and demand for services. It sets out the framework for strategic planning over the next four years to 2024/25. The PCC updates the MTFS (including the Chief Constable allocation) each year. The MTFS sets the environment surrounding finances, identifying the consequences of savings and investment over the next few years based on assumed funding level. The MTFS is reported through the governance structure to the Police and Crime Panel.

Workforce planning is incorporated into the budget formation and monitoring at a high level. The budget and MTFS set the establishment requirement within the financial envelope; the workforce plan then delivers these numbers with monthly reviews of officer numbers occurring with recruitment being adjusted based on this.

As for all police bodies, annual settlements and the lack of longer term assurances over funding have made financial planning more short-term in its focus. The three year settlement from 2022/23 will help bring further clarity around these planning assumptions going forward.

## Key Financial Assumptions

In February 2021 the MTFS was updated for the period 2021/22 to 2024/25. At this point the settlement and precept for 2021/22 was known. Key assumptions have been used for 2022/23 onwards, including:

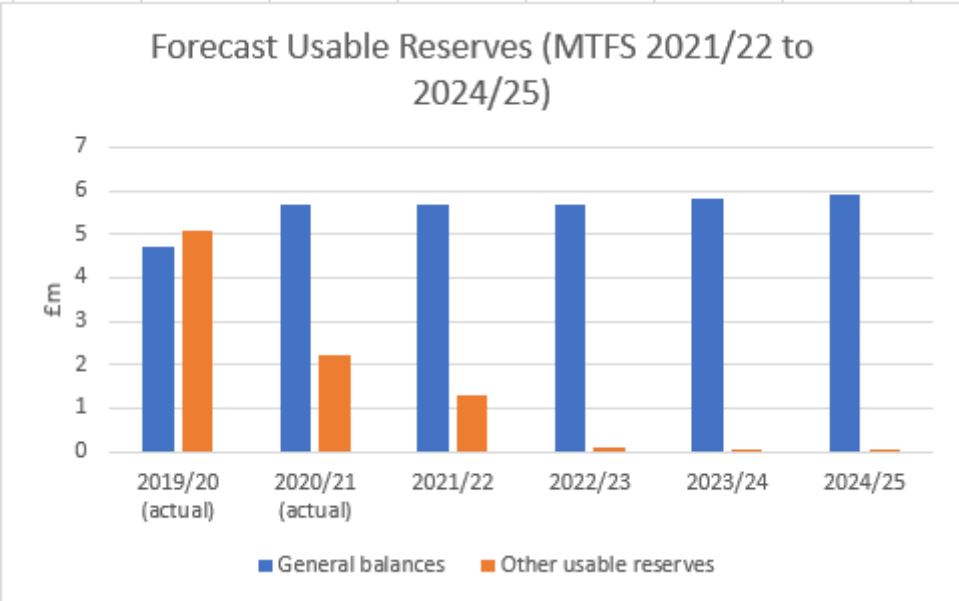
- Main grant funding - The MTFS assumes that the government grant funding will increase by 1% increase from 2023/24. Central funding assumptions are deemed reasonable based on the latest information available. The funding assumptions also do not build in any changes from the anticipated review of the funding formula. The review has been expected for several years and has been delayed many times which has been further impacted by Covid.
- No general increase for inflation has been applied to budgets, apart from some specific areas, including the National Police Air Service (NPAS) and insurance premiums.
- Pay is typically the largest area of expenditure for the force, and hence forms a significant portion of the budget allocation from the OPCC. The pay award for officer and staff in September 2020 was 2.5%. In the Spending Review announced in November 2020 the Chancellor stated that pay rises in 2021 will be paused for public sector workers (except for NHS workers). It was therefore assumed that there would be no pay increase for officers and staff in September 2021. For the remaining MTFS period it has been assumed that pay increases will be 1% per year. The pay increase assumptions are line with expectations and neighbouring forces.
- Council Tax income – The increase each year is set by the PCC, bearing in mind the referendum limit set for that year. The MTFS assumes increases of 3.9% in 2022/23, 3.8% in 2023/24 and 3.5% in 2024/25. It is assumed that the tax base will increase by 1.25% in 2022/23 and by 1.5% in 2023/24 and 2024/25.

The assumptions and cost base changes above are generally in line with our knowledge of Dorset Police and the wider police sector.

Saving Schemes

As part of the MTFS process, savings are identified to help balance the budget. These savings have been incorporated within the budget and monitored intrinsically via the main budget monitoring process.

Savings of £0.5m have been built into the 2021/22 budget, representing 0.3% of net revenue expenditure.



Reserves

The PCC has a Reserves Strategy to maintain a general balance at no more than 5% and no less than 3% over overall funding levels each year.

Total usable reserves in the 2020/21 financial statements had increased slightly from the prior year and stood at £10.1m, with the general fund balance being £5.7m. The MTFS projects total usable reserves (general balances plus other usable reserves) reducing year on year to £5.9m by 31 March 2025, with this being almost exclusively the general balance. Despite this planned reduction, the level of general balances is maintained and is in line with the Reserves Strategy.

It is the responsibility of the PCC’s Chief Financial Officer to ensure that adequate reserves are held, which they have confirmed within the Reserves Strategy.

## Capital

The Capital Strategy reflects the priorities of the PCC outlined in the Police and Crime Plan. The four-year capital programme is part of the MTFS, and the revenue consequences of the capital schemes are taken into account in the MTFS. The capital programme monitoring is formally reported to the Resource Control Board on a quarterly basis.

The Treasury Management and Investment Strategy is closely linked to the Capital Strategy and the Reserves Strategy. The Treasury Management Strategy is updated annually and reflects the requirements of the CIPFA Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities. Treasury Management performance is reported on a quarterly basis.

## Conclusion

Overall, we have found no evidence of significant weaknesses in the arrangements for ensuring financial sustainability.



# Governance



## We considered how the PCC and the CC:

- monitor and assess risk and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approach and carry out the annual budget setting process
- ensure effectiveness processes and systems are in place to ensure budgetary control
- ensure they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitor and ensure appropriate standards.

## Overview of Governance Arrangements

The PCC and Chief Constable have an appropriate scheme of governance which outlines the scheme of delegation and decision making. This governance and meeting structure ensures that papers and business cases are routed through the appropriate channels for scrutiny, challenge and agreement before being presented for approval by the Chief Constable and the Police and Crime Commissioner.

Within the Police sector the PCC and Chief Constable act as 'those charged with governance'. The Independent Audit Committee (IAC) is a key component of the PCC and Chief Constable's arrangements for corporate governance. It is a joint committee that covers both Dorset Police and Devon & Cornwall Police. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The purpose of the Committee is to provide independent assurance to the PCC and the Chief Constable regarding the adequacy of the risk management framework and the associated control environment within Dorset Constabulary and the Office of the PCC. It considers the reports of internal and external audit and has oversight of general governance matters. It also provides comment on any new or amended policies and strategies with regard to financial risk and probity.

The Chair and Vice-Chair of IAC have informal dialogue with the Chief Financial Officers for the PCC and the Chief Constable and also have direct access to the PCC and Chief Constable.

## Monitoring and Assessing Risk

There are separate comprehensive risk registers for the OPCC and the Force which set out the strategic and operational risks identified, the mitigating actions that have been put in place to manage the risk and an assessment of the current risk. The registers are up to date and reviewed on a regular basis.

The risk registers are RAG rated and allocated to a Executive Lead or relevant Head of Department who has responsibility for monitoring these risks and ensuring they are considered at a higher level with potential mitigations put in place.

There was a Strategic Risk Management Policy and Procedure in place in 2020/21 which outlined the approach to risk, but this refers to the previous arrangements where Devon & Cornwall Police and Dorset Police reported to a Joint Risk and Assurance Board. An updated risk management policy for Dorset Police was implemented in June 2022.

The Force Risk Register is submitted to the Deputy Chief Constable's Board on four monthly basis. The OPCC register is reported to the Joint Leadership Board.

Risk is well understood across all levels of management at the OPCC and Force, and this is clearly reported and scrutinised through the governance structure.

## Annual Budget Setting Process and Budgetary Control

The annual budget and MTFS are developed in parallel each year. We have already considered financial plans for 2021/22 and future years in the financial sustainability section of this report.

Financial reporting is a key objective for senior managers and is discussed and monitored in detail.

The PCC and Chief Constable share a responsibility to identify and agree, in consultation with partners and stakeholders, a MTFS which includes funding and spending plans for both revenue and capital. The budget is built up with input from individual budget holders. The budget and MTFS is then ultimately approved by the Police and Crime Panel.

Budget management ensures that once the PCC has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling both the Chief Constable and PCC to review and adjust their budget targets during the financial year.

Budget holders and the senior management team receive monthly budget monitoring reports, with the Group Budget Monitoring Report being considered by the Resource Control Board on a quarterly basis. The Group Budget Monitoring Report includes financial and non-financial information, including workforce data, and contains detailed explanations and analysis of budget variances.

There is significant reliance on a key officer within the finance team for the production of the financial statements and to deal with audit queries. There have been efforts to provide additional support, but these are only partially effective to date with many audit queries needing to be resolved by the one individual. Over reliance on one individual represents a risk to the PCC and Chief Constable and we have raised an improvement recommendation.

## Monitoring and Compliance with Standards

The OPCC and Force have a Code of Corporate Governance in place which sets out the systems, processes and values by which the business of the PCC and the Force are directed and controlled, and through which they account to and engage with their communities. They are committed to ensuring individuals in its employment have a mechanism to report any suspected illegal or unethical conduct, without suffering any detrimental impact on themselves, their current or future employment and career opportunities. The Protected Disclosure (Whistleblowing) and Support to People Reporting/Witnessing Suspected Wrongdoing Policy supports this.

The Force has its own Professional Standards team. Their work is underpinned by the Home Office Guidance; Conduct, Efficiency and Effectiveness: Statutory Guidance on Professional Standards, Performance and Integrity in Policing. There is an integrated complaints process which covers both officers and police staff. Complaints are monitored closely with the relevant course of action taken against individuals.

There is a Gifts and Gratuities policy available and a central register. The OPCC and Force have arrangements in place for officers to make declarations of interest. Staff, Officers and IAC members are required complete a Declaration of Interests form each time a potential conflict of interest arises. This is also confirmed at the start of every meeting based on the agenda items that are being discussed. There is no evidence of interests not being declared.

Internal Audit is provided by the South West Audit Partnership, which also provides services to several other police bodies in the region. The Public Sector Internal Audit Standards (PSIAS) external review of this service was last carried out in February 2020 and the service was awarded the highest rating available.

Internal Audit report to the Independent Audit Committee on a quarterly basis through the form of progress reports which summarise the work of each review as well as key recommendations. Internal Audit publish an annual report which summarises the results of their work during the financial year and, as required by the Accounts and Audit Regulations 2015, give an overall opinion of the control environment that operated during the year in respect of the PCC and Chief Constable. On the basis of the majority of the assurance opinions provided and giving consideration to the adequacy and effectiveness of the wider governance and risk management arrangements at the Force and OPCC in 2020/21, the Head of Internal Audit gave a 'reasonable' annual opinion, with no significant issues that required inclusion within the Annual Governance Statement.

## Conclusion

The OPCC and Constabulary have put in place effective governance arrangements. One improvement recommendation has been raised.

# Improvement recommendation

## Governance

Recommendation	The Chief Financial Officers for the PCC and Chief Constable should ensure that the capacity of the finance team responsible for the production of the financial statements is reviewed to ensure that the process is not over reliant on one key officer.
Why/impact	Over reliance on one individual represents a risk to the PCC and Chief Constable for the production of the financial statements and an efficient audit process.
Summary findings	There is significant reliance on a key officer within finance for the production of the financial statements and to deal with audit queries. There have been efforts to provide additional support but these are only partially effective to date with many audit queries needing to be resolved by the one individual.
Management comment	The resources needed for the production of the accounts is formally reviewed before and after the process each year. Whilst many organisations are also reliant on a single head of technical accounts, it is correct that extended timelines for the audit process in recent years have created some capacity issues. The situation has been actively reviewed and progress made to address the recommendation.



The range of recommendations that external auditors can make is explained in Appendix C.

# Improving economy, efficiency and effectiveness



## We considered how the PCC and the CC:

- use financial and performance information to assess performance to identify areas for improvement
- evaluate the services they provide to assess performance and identify areas for improvement
- ensure they deliver their role within significant partnerships, engage with stakeholders, monitor performance against expectations and ensure action is taken where necessary to improve
- ensure that they commission or procure services in accordance with relevant legislation, professional standards and internal policies, and assesses whether they are realising the expected benefits.

## Performance Monitoring

The overarching strategy for Dorset Police is framed by the Police and Crime Plan 2017-2021. This plan sets out the strategic plan for the Force and has been shaped by consultation with stakeholders and analysis of inspections, audits and police performance in Dorset.

The priorities that make up the Police and Crime Plan are:

- Protecting People at Risk of Harm
- Working with our Communities
- Supporting Victims, Witnesses and Reducing Reoffending
- Transforming for the Future

A quarterly performance monitoring report is presented to each Police and Crime Panel meeting which gives the OPCC assessment of current performance against the strategic indicators for the Police and Crime Plan.

In addition to the performance against the Police and Crime Plan, the Force monitors the performance of direct service provision. In 2020/21 this was reported through the Strategic Performance Board, with actions and exception reports to the Force Executive Board. Performance is also monitored via the Deputy Chief Constable (DCC) Board, the Working Together Board and the Resource Control Board

The HMICFRS value for money datasets are used by the finance department to identify possible areas for follow up where Dorset are an outlier.

## Working with Partners and key stakeholders

The Police and Crime Plan 2017-2021 details how crucial effective collaboration and partnership working is for Dorset. This includes partnership working both at a national and regional level which ensures that shared outcomes are developed, and the strategies of the OPCC and Force align with this.

The work of partnerships is fed back through the governance and delivery structure, with oversight from the Regional Chief Constables and PCCs, the Working Together Board and the Joint Asset Management Board. The South West Police Collaborations Strategic Board provides strategic governance and oversees collaborations across the region, with the Regional Operations Board managing the day to day oversight of the operations. The most significant collaboration areas are the Regional Organised Crime Unit and South West Forensics.

Both the PCC and Chief Constable have extensive networks through national forums which encourage shared learning and improvement. The PCC and Chief Constable also work closely with local authorities, NHS bodies and other community organisations in the local areas to ensure a joined-up approach when delivering services to residents.

The PCC undertakes consultation of the public and key strategic partners throughout the year. The key consultation that takes place on an annual basis is in regard to the budget and the precept. A range of channels are used to engage the public and raise awareness including social media awareness campaigns, community messaging and engagement with local media and press statements. The results of these consultations are then reported on the PCC's website, along with an Annual Engagement Report summarising consultation activity.

## Procurement and Commissioning

The Police and Crime Commissioner procures all services and goods on behalf of the Chief Constable and is responsible for setting the direction of policing in Dorset. Dorset Police are part of the South West Police Procurement Department (SWPPD). The SWPPD was launched in 2012 to provide a collaborative procurement service for the four regional forces of Devon & Cornwall, Dorset, Gloucestershire and Wiltshire. The professionally qualified team has a wealth of specialised public and private sector experience. This approach was established to ensure that through increased collaboration and a more strategic approach to procurement, significant savings are delivered.

A bi-monthly Procurement Board monitors performance across the forces in the procurement collaboration. SWPPD produce an annual report each year which outlines the projects plans and savings achieved through collaborative procurement. No issues were flagged in the 2020-21 Annual Report.

## Conclusion

The PCC and Chief Constable have appropriate arrangements in place to improve economy, efficiency and effectiveness. No significant weaknesses or recommendations have been identified as a result of our review.

# COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how the PCC and CC deliver services.

We have considered how the PCC's and CC's arrangements have adapted to respond to the new risks they are facing.

## Overview of Covid-19 Arrangements

During the Covid-19 pandemic, the OPCC and the Force's top priorities have been to maintain the best service to the public, protect officers and staff and support the national response. Frontline policing delivery remained mainly unchanged, with the implementation of Covid-19 legislation and regulations continuing to be a key part of response work.

Agile working facilitated the majority of OPCC and Police Staff to work from home and the use of technology has enabled social distancing to be observed. Staffing costs remained relatively consistent as officers were continuing with their police duties, when back-office staff were successfully redeployed to work from home.

The majority of the costs relating to the pandemic have been incurred during 2020/21. To assist, additional funding has been provided by Central Government for some of the expenditure mentioned – specifically around Personal Protective Equipment and creating Covid-19 secure buildings. Additional costs related to Covid-19 have been separately monitored and reported throughout.

The Covid-19 pandemic resulted in a number of normal governance structures being temporarily suspended or replaced with virtual meetings. This was primarily due to resources being redeployed to meet the immediate challenges of Covid-19. It was replaced with a temporary structure that provided delivery structures for the Covid-19 incident as well as daily force performance monitoring on critical measures.

Whilst the Force generally maintained a 'business-as-usual' approach to its governance arrangements during the pandemic, some adjustments were required. As a result of the lockdown restrictions announced on the 16 March 2020, the Force adjusted some of its internal control processes to support effective governance throughout the pandemic. All office-based staff were provided with the necessary equipment to work from home, enabling a smooth transition to remote working where this was possible. Home-based working has continued throughout the pandemic, and the Force and OPCC have not seen a significant impact on productivity as a result. Following the first national lockdown, meetings moved to video conferencing and subsequently took place online throughout the pandemic. Our reviews of the meeting minutes evidenced that appropriate levels of scrutiny and challenge continued to be applied, and we saw this first-hand from our attendance at Independent Audit Committee meetings. There was also consideration by the entities around the different risks and the strategic risk registers were updated to ensure Covid-19 related risks were recorded appropriately and mitigated where appropriate.

## Conclusion

The OPCC and the Force have managed the challenges posed by the Covid-19 pandemic. Our review has not identified any significant weaknesses in arrangements for responding to the Covid-19 pandemic.

# Opinion on the financial statements



## Audit opinion on the financial statements

We gave an unqualified opinion on the Group, Police and Crime Commissioner and Chief Constable's financial statements on 10 January 2023.

## Audit Findings Report

More detailed findings can be found in our Audit Findings Report, which was issued on 5 January 2023.

## Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to complete an Assurance Statement under group audit instructions issued by the National Audit Office (NAO).

We submitted the Assurance Statement confirming that no further work is required as Dorset Police and Crime Commissioner and Chief Constable do not exceed the threshold for full audit procedures.

## Preparation of the accounts

The PCC and CC provided draft accounts in line with the national deadline and provided a good set of working papers to support them.

## Issues arising from the accounts:

The key issues identified from our accounts audit were:

- Our testing of a sample of assets revalued identified that the site areas used for the valuations of the land element of the assets on the Bournemouth site were incorrect. This resulted in an updated valuation being carried out
- The external valuer was unable to provide supporting evidence to support assumptions for some of the assets tested, including for comparable land values, either due to evidence not being retained or the valuer's judgement not being documented. The external valuer was also relying on data from previous valuers rather than carrying out their own work in some instances.

## Grant Thornton provides an independent opinion ensuring the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation





# Appendices

# Appendix A - Responsibilities of the PCC and CC



## Role of the Chief Financial Officer:

- Preparation of the statement of accounts
- Assessing the PCC's and CC's ability to continue to operate as going concerns

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the PCC's and CC's ability to continue as going concerns and use the going concern basis of accounting unless there is an intention by government that the services provided by the PCC and CC will no longer be provided.

The PCC and CC are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Appendix B - An explanatory note on recommendations

A range of different recommendations can be raised by the PCC's and CC's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the PCC and CC under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the PCC and CC to discuss and respond publicly to the report.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC and CC. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented, should improve the arrangements in place at the PCC and CC, but are not a result of identifying significant weaknesses in the PCC's and CC's arrangements.	Yes	11



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