

**MOPAC**MAYOR OF LONDON  
OFFICE FOR POLICING AND CRIME

# MPS-MOPAC JOINT AUDIT PANEL

## 3 October 2022

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### External Audit Report

Report by: The Interim Chief Finance Officer and Director of Corporate Services and  
MPS Director of Finance

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#### **Report Summary**

##### **Overall Summary of the Purpose of the Report**

This paper updates the Audit Panel on the Joint Audit Plan for 2021/22, and provides the regular update Audit Progress Report and Sector Update.

##### **Key Considerations for the Panel**

To note the Joint Audit Plan for 2021/22, noting that there are no significant issues to report at this stage.

##### **Interdependencies/Cross Cutting Issues**

The external audit function provides an independent opinion on the statutory accounts and the arrangements for delivering value-for-money which are used as a basis to inform the AGS and governance improvement.

##### **Recommendations**

The Audit Panel is recommended to:

- a. Note the external audit update report

**1. Supporting Information**

**Audit Progress Report and Sector Update - Appendix One**

- 1.1. Grant Thornton undertook interim audit work in March and April as part of the annual audit of the statement of accounts for MOPAC and the MPS, and began their audit work on the statement of accounts in late June.
- 1.2. The auditors are planning to provide their Audit opinion by October 31 2022.

**2. Equality and Diversity Impact**

- 2.1. There are no equality and diversity implications directly arising from this report.

**3. Financial Implications**

- 3.1. The proposed audit fee for 2021/22 is £309,529. Of which £169,052 relates to MOPAC and £140,477 relates to the MPS. Costs will be met from existing resources within MOPAC and the MPS.

**4. Legal Implications**

- 4.1. There are no direct legal implications arising from the report.

**5. Risk Implications**

- 5.1. This paper relates to the corporate risk register entries for resources and value for money

**6. Contact Details**

Annabel Cowell Deputy Chief Finance Officer and Head of Financial Management MOPAC, Lisa Kitto Interim Chief Finance Officer and Director of Corporate Services

**7. Appendices and Background Papers**

Appendix 1 - Audit Progress Report and Sector Update

# Mayor's Office for Policing and Crime The Commissioner of Police of the Metropolis Audit Progress Report and Sector Update

**Year ending 31 March 2022**

October 2022



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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 planning 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 the entity or all 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.

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# Key Grant Thornton team members



**Iain Murray**

Engagement Lead

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Iain will have ultimate responsibility for the delivery of your audit service. Specifics of the role include:

- leading our relationship with the Mayor's Office for Policing and the Commissioner of Police of the Metropolis, ensuring you have access to Grant Thornton's full service offering;
- being a key contact for the Chief Finance Officers and the Joint Audit Panel, meeting frequently with key members of management;
- taking overall responsibility for delivering high quality audits which meet professional standards;
- agreeing with you the annual joint audit plan, and a timetable for delivering the work;
- reviewing the audit file, giving particular focus to any key areas of risk or critical judgements exercised during the audits;
- reviewing and signing off all audit reports;
- attending Joint Audit Panel meetings to discuss key issues arising from our work and any recommendations;
- acting as a 'sounding board' on key decisions relevant to our responsibilities as your auditors; and
- sharing good practice identified at other organisations.



**Parris Williams**

Senior Manager

T 0207 728 2542

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Parris is responsible for planning, managing and leading the audit and providing feedback to you throughout the audit process. Parris is responsible for audit quality, project management of the audit, ensuring the audit requirements are fully complied with. He will respond to ad-hoc queries whenever raised and meet regularly with the Chief Finance Officers and members of the finance team. Specifics of the role include:

- ensuring responsibility for delivering high quality audits which meet professional standards;
- reviewing the quality of audit reports;
- reviewing the work focusing on the key areas of risk pertaining to the audit; and
- attending and contributing to senior audit liaison meetings, sharing good practice identified at other organisations.



**Rebecca Lister**

Engagement Manager

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Rebecca will ensure that all work allocated is carried out on a timely basis in accordance with the firm's professional standards and to the satisfaction of clients and engagement lead.

As the key contact Rebecca will be responsible for building and maintaining good working relationships with all colleagues and clients.

To support delivery of the testing strategy she will:

- assist the engagement lead in establishing audit objectives and overall scope;
- ensure key matters which arise during the audits which were not identified at the planning stage are properly assessed and dealt with;
- review the work of in-charge auditor and the wider fieldwork team;
- finalise our draft reports to management;
- manage, motivate and coach team members; and
- control the audits in relation to timescales, budgets and risk management procedures.

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# Introduction & headlines

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

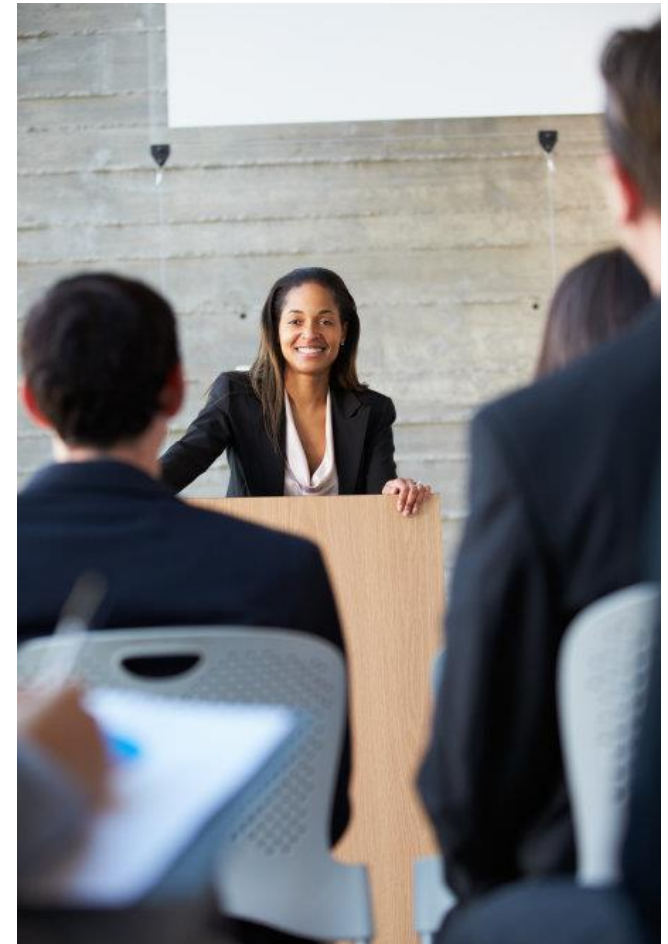
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Joint Audit Panel can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the police sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.



# The auditor's statutory responsibilities

## Opinion on the audited body's financial statements

Our work enables us to give an opinion as to whether the financial statements:

- give a true and fair view of the financial position of the audited body and its expenditure and income; and
- have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards and other directions.

Our planning will document our understanding of your key risks, your control environment and inform our testing strategy. This will continue until we begin our final accounts testing.

Since we last reported we have:

- continued to have regular discussions with management discussing issues identified in previous audits, and emerging themes which are expected to impact on the current audits;
- reviewed meeting papers and the latest financial and operational performance reports ensuring we understand your current challenges;
- considered any reports from regulators regarding your operational effectiveness; and
- commenced our year end external audit of your 2021/22 draft financial statements.

We will report any key findings from the external audit within our audit findings report to Joint Audit Panel.

## Work on value-for-money arrangements

Under the 2020 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Police and Crime Commissioner and Chief Constable “has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.”

Our initial risk assessment has built on our understanding of your arrangements, taking into account any findings from previous work on value for money.

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you. Our final commentary in the Auditors' Annual Report will include:

- a summary of our findings on any risks identified during our work;
- our judgements on the adequacy of the Police and Crime Commissioner and Chief Constable's arrangements for each of the three reporting criteria, as set out above;
- any recommendations made to management as a result of our work; and
- a follow up of progress against any recommendations raised in previous audits.

# The auditor's statutory responsibilities

## Other responsibilities

We are required to give an opinion on whether:

- other information published together with the financial statements is consistent with the financial statements.

We are also required to:

- consider whether the Annual Governance Statement complies with relevant disclosure requirements and whether it is consistent with the information we are aware of from our audit; and
- examine and report on the consistency of 'Whole of Government Accounts' consolidation schedules with the financial statements.

This work is currently in progress and we will report our findings within our audit findings report on completion of the audit.

## Other statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audits.

Our work to date has not required us to report any such matters to you.

## Added value

Grant Thornton has a large Public Sector practice and is a key supplier to the market. As a valued audit client, you will receive:

- the opportunity to access support from experienced technical colleagues. This means you will be at the forefront of accounting developments. Through this relationship we also ensure that communication works both ways and feed issues back from our clients.;
- insight from our regular meetings within the sector where we discuss emerging developments. We will also raise any areas of concern that you have over policy, procedure, or regulation with your regulators; and
- technical and sector updates for the Joint Audit Panel.





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# Progress at October 2022

## Financial Statements Audit

We undertook our initial planning for the 2021/22 audit in March 2022, and interim audit in March and April. We began our audit work on your draft financial statements in late June.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by 31 October 2022.

The Accounts and Audit (Amendment) Regulations 2021 pushed back the date by which principal authorities need to publish their draft financial statements to the first working day of August. The deadline for publishing audited local authority accounts for 2021/22 was extended to 30 November 2022 and thereafter changed to 30 September for years up to 2027/28.

## Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor’s Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor’s Annual Report in January 2023.

# 2021/22 deliverables

2021/22 Deliverables	Planned Date	Status
<p><b>Accounts Joint Audit Plan</b></p> <p>We are required to issue a detailed accounts joint audit plan to the Joint Audit Panel setting out our proposed approach in order to give our opinions on the 2021-22 financial statements.</p>	July 2022	Complete
<p><b>Interim Audit Findings</b></p> <p>We will report to you the findings from our interim audit within our Progress Report.</p>	July 2022	Complete
<p><b>Joint Audit Findings (ISA260) Report</b></p> <p>The Joint Audit Findings Report will be reported to management and those charged with governance (TCWG) by 31 October 2022 in line with planned conclusion of the audit. The Joint Audit Findings Report will subsequently be reported to the January Joint Audit Panel.</p>	<p>Management and TCWG – October 2022</p> <p>Joint Audit Panel - January 2023</p>	Not due yet
<p><b>Auditors Reports</b></p> <p>These are the opinions on your financial statements and annual governance statements. The Auditors Report will be reported to management and those charged with governance (TCWG) by 31 October 2022 in line with planned conclusion of the audit. The Auditors Report will subsequently be reported to the January Joint Audit Panel.</p>	<p>Management and TCWG – October 2022</p> <p>Joint Audit Panel - January 2023</p>	Not due yet
<p><b>Auditor's Annual Report</b></p> <p>The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). A final copy of the AAR will be taken to the January Joint Audit Panel.</p>	January 2023	Not due yet

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# Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from sector specialists**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:

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Public Sector

A dark purple rectangular button with the text "Police" in white, sans-serif font, centered within the button.

Police

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# HMICFRS

## HMICFRS inspections: evaluation of remote inspection methods

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services independently assesses and reports on the effectiveness and efficiency of police forces and fire and rescue services with the aim of encouraging improvement.

The pandemic required HMICFRS to move to remote inspections, rather than on-site and face-to-face. They have evaluated how the move to remote methods went, to:

- identify where improvements were required;
- understand what happens when the way in which the inspection take place changes; and
- consider whether inspecting remotely is something to continue to do in the future.

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



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# HMICFRS

## Observations on the third generation of force management statements

A force management statement (FMS) is a self-assessment that chief constables (and London equivalents) prepare and submit to Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) each year.

These are the observations of the FMS steering group on the third round of FMSs. Police forces sent in their statements by the end of May 2021.

The steering group is made up of HMICFRS, the National Police Chiefs Council, the College of Policing, the Association of Police and Crime Commissioners, the Home Office, and other parties interested in the development of FMSs.

Get the report [here](#).



# Association of Police and Crime Commissioners

## Fraud A Priority in all Police And Crime Plans

Fraud is now a priority in all PCCs Police and Crime plans confirms APCC Lead at an evidence session in the House of Lords on Thursday, 16 June.

National Lead for Economic and Cyber Crime and PCC for Avon and Somerset Mark Shelford gave oral evidence to the Digital Fraud Committee and Fraud Act 2006 alongside Rob Jones, Director General from the National Economic Crime Centre and Pete O'Doherty, Assistant Commissioner and NPCC Coordinator for Cyber and Economic Crime.

During the session he expressed the vital role PCCs play in responding to economic and cybercrime, including fraud.

In a statement he said: "I am encouraged to see that all of my colleagues have included fraud in their Police and Crime Plans which sets the direction for their police area and to which they will hold their Chief Constable accountable.

"But more does need to be done. We encourage the government to include fraud in the Strategic Policing Requirement, which would bolster the prioritisation of fraud at the national level and within the National Policing Board performance measures alongside crimes such as burglary.

"Recognising fraud as a priority is a necessary step in continuing the work to build the capabilities and capacity in the whole system to effectively investigate and prosecute fraud. We welcome the inclusion of fraud as a priority crime in the Online Safety Bill. Measures in the Bill will go some way towards mitigating the vulnerability of the public as they shop and socialise online."

See the full article [here](#).



# The Value of Internal Audit

One of the key elements of good governance is an independent and objective internal audit service. Some organisations engage fully and reap significant benefits from the assurance, insight and expertise they bring whilst others pay lip-service to them and see their work as an administrative burden.

CIPFA's recent report, [Internal Audit: Untapped Potential](#), lifts the lid on internal audit in public services. For some chief financial officers and chief executives, this report confirms the value and contribution of internal audit teams with 87% of respondents recognising the contribution internal audit makes to their organisation. However, some leadership teams saw internal audit as providing a basic service at minimal cost.

Getting the most out of the function requires honest conversations and long-term planning. Maintaining appropriate skills and knowledge within the function is necessary to ensure high quality internal audit in public services are retained.

## Culture and governance

The Joint Audit Panel should monitor the delivery of internal audit and their output will be a key part of the annual work-plan. However, internal audit is not a substitute for risk management and should enhance the overall assurances received by management. Executives and Officers should engage with internal audit recommendations to ensure the organisation gains maximum value from reviews.

## Capacity

Reducing internal audit days can lead to a lack of 'corporate grip' not identifying issues at an early stage. This report raises concerns over the capacity of internal audit across the public sector. The profession needs to be valued and invested in to make it more attractive to new blood and for bodies to be able to attract the best candidates to their service.

## Expectations

To maximise the impact of internal audit, a clear and aligned strategic audit plan and annual audit plan should be in place. This should be agreed with all stakeholders.

## Future plans

Internal audit needs to adapt to the changing landscape, including risks such as climate change, digital and technological developments, cyber-security and ongoing financial and service pressures within their planning processes. For financial resilience and medium- and long-term financial strategies internal audit can provide vital independent assurance to decision makers to allow them to take on more risk and be more ambitious. Leadership teams need to be clear on what assurances they will require going forward.

## Challenge

- Does your organisation demonstrate it values internal audit by providing sufficient resource, sufficient voice and sufficient engagement with them?
- Does management direct internal audit to areas of known risk to seek their insights and experience?
- Is internal audit independent, retaining a direct reporting line to Executives or Officers and having sufficient representation at the joint audit panel?
- Is your internal audit service keeping up with the changing landscape and providing assurance in emerging risk areas?

For more information, [Rob Whiteman](#) share his views on this report.

