

Police and Crime Commissioner and Chief Constable for Warwickshire

Auditor's Annual Report

Year ended 31 March 2024

February 2025

 **AZETS**



We are required to satisfy ourselves under s20(1)(c) of the Local Audit and Accountability Act 2014 that the PCC and Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report to you if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the PCC and Chief Constable's arrangements are operating effectively.

Contents

Key messages	3
Financial statements	6
Value for money: Arrangements for <i>securing economy, efficiency and effectiveness in the use of resources</i>	8
Recommendations	15
Follow up of prior recommendations	16

Detailed findings from our audit of the financial statements are communicated in the following reports:

- audit opinion on the financial statements for the year ended 31 March 2024
- audit findings (ISA 260) report to Those Charged with Governance

We performed our audit in accordance with International Standards on Auditing (UK). This report has been prepared in line with the National Audit Office's Code of Audit Practice 2020 (the "Code") and is required to be published by the PCC and Chief Constable alongside the annual report and accounts. Our reports are prepared in accordance with ISAs (UK), the Code, all associated Audit Guidance Notes issued by the National Audit Office and relevant requirements of the Local Audit and Accountability Act 2014.

Key messages

The purpose of the Auditor's Annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the members and the wider public relevant issues, recommendations arising from the auditor's work and the auditor's view on whether previous recommendations have been implemented satisfactorily.

We have undertaken our work in accordance with the Audit Plan issued earlier in the year and our report to Those Charged with Governance. We have complied with the National Audit Office (NAO) Code of Audit Practice 2020, other guidance issued by the NAO, and International Standards on Auditing (UK).

Area of work	Our responsibilities	Conclusions
Financial statements	<p>We are required to audit the financial statements of the PCC and Chief Constable (and group) under the Local Audit and Accountability Act 2014. We express an opinion as to whether the financial statements:</p> <ul style="list-style-type: none">• give a true and fair view of the financial position of the PCC and Chief Constable (and group) and of its expenditure and income for the year;• have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24; and• have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014. <p>We conduct our audit in accordance with International Standards on Auditing (UK), the Code of Audit Practice (2020) published by the National Audit Office and applicable law.</p>	<ul style="list-style-type: none">• Our audit opinion was unqualified on the PCC and Chief Constable and group's financial statements. This means that we consider the financial statements give a true and fair view of the financial performance and position of the PCC and Chief Constable and group.

continued.....

Key messages

Area of work	Our responsibilities	Conclusions
<p>Narrative report and annual governance statement</p>	<p>We are required to read and report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is materially inconsistent with the financial statements and our knowledge obtained from the audit, or otherwise appears to be materially misstated. We are also required to assess whether the Annual Governance Statement complies with the disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit.</p>	<ul style="list-style-type: none"> We did not identify any significant inconsistencies between the information presented in the Narrative Report and Annual Governance Statement and our knowledge of the PCC and Chief Constable.
<p>Value for money</p>	<p>We are required under Section 20(1)c of the Local Audit and Accountability Act 2014 to satisfy ourselves that the PCC and Chief Constable has 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 requires us to report to you our commentary relating to proper arrangements.</p> <p>We assess the arrangements in place for securing economy, efficiency and effectiveness in the PCC and Chief Constable's use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.</p> <p>We are required to report our commentary under specified criteria: Financial sustainability, Governance and Improving economy, efficiency and effectiveness.</p>	<ul style="list-style-type: none"> We have made "other" recommendations to support the PCC and Chief Constable's ongoing improvement.
<p>Key recommendations</p>	<p>The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their review of the PCC and Chief Constable's arrangements to secure value for money, they should make recommendations setting out the actions that should be taken by the PCC and Chief Constable. We consider these to be key, or essential, recommendations.</p>	<ul style="list-style-type: none"> We did not identify any key recommendations.

continued.....

Key messages

Area of work	Our responsibilities	Conclusions
Public interest report	Under Section 24, Schedule 7(1)(1) of the Local Audit and Accountability Act 2014 the auditor of the PCC and Chief Constable must consider whether to make a report in the public interest if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public.	<ul style="list-style-type: none"> We did not identify any matters for which we considered a public interest report to be required as part of our external audit for 2023/24.
Statutory recommendations	Under Section 24, Schedule 7(2) of the Local Audit and Accountability Act 2014 the auditor of a PCC and Chief Constable can make written recommendations to the PCC and Chief Constable which need to be considered by the PCC and Chief Constable and responded to publicly.	<ul style="list-style-type: none"> We did not identify any matters for which we considered statutory recommendations are required as part of our external audit for 2023/24.
Application to the court	Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think than an item of account is contrary to law, they may apply to the court for a declaration to that effect.	<ul style="list-style-type: none"> We did not make an application to the court.
Advisory notice	Under Section 29, Schedule 8 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if they think that the PCC and Chief Constable, or an officer of the PCC and Chief Constable, is about to make, or has made, a decision which involves or would involve the PCC and Chief Constable incurring unlawful expenditure, is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or is about to enter an item of account, the entry of which is unlawful.	<ul style="list-style-type: none"> We did not issue any advisory notices.
Judicial review	Under Section 31, Schedule 8 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure to act by an authority, which it is reasonable to believe would have an effect on the accounts of that body.	<ul style="list-style-type: none"> We did not make an application for judicial review.

Financial statements

The Statement of Accounts and financial statements included therein are an important tool for the PCC and Chief Constable to show how it has used public money and how it can demonstrate its financial health.

We provide an independent opinion on whether the PCC and Chief Constable's financial statements:

- give a true and fair view of the financial position of the PCC and Chief Constable as at 31 March 2024 and of its expenditure and income for the year then ended;*
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24; and*
- have been prepared in accordance with the Local Audit and Accountability Act 2014.*

We are independent of the PCC and Chief Constable in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Area of work	Conclusions
Audit opinion on the financial statements	We gave an unqualified opinion on the PCC and Chief Constable's financial statements on 29 November 2024.
Audit Findings (ISA260) report	More details can be found in our ISA260 report, which was reported to the PCC and Chief Constable's audit committee on 25 September 2024.
Whole of Government accounts	<p>We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation pack under WGA group audit instructions.</p> <p>The PCC and Chief Constable does not exceed the threshold for detailed testing.</p> <p>We will submit our assurance statement to the NAO.</p>
Preparation of the accounts	The PCC and Chief Constable provided draft accounts in line with the national deadline. The quality of the draft financial statements and supporting working papers was high most areas.

Financial statements

Significant risks

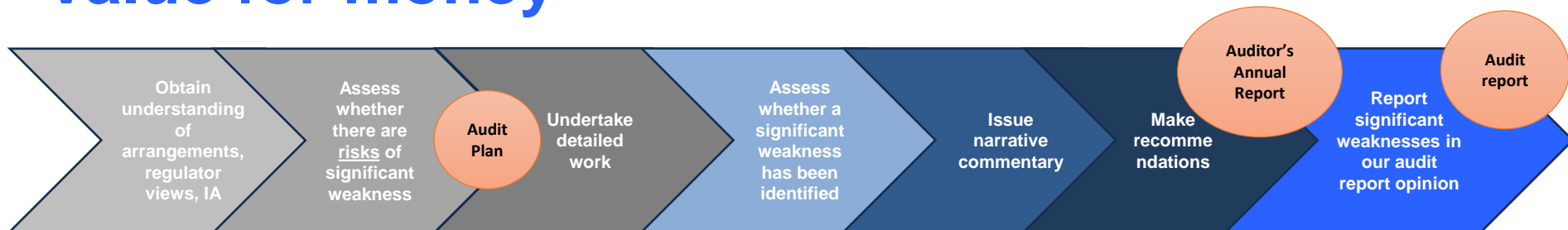
Detailed findings from the audit of the 2023/24 financial statements are set out in our Audit Findings (ISA260) report, reported to the PCC and Chief Constable's audit committee on 25 September 2024. Requests for this report should be directed to the PCC and Chief Constable. This report set out the significant risks identified for the 2023/24 financial statements audit, along with the procedures performed to address each risk and the conclusions reached following the performance of those procedures.

Two significant adjustments were made to the 2023/24 group financial statements submitted for audit, resulting in a decrease of £6.45m to the Total Comprehensive Income and Expenditure, with £3m impacting the Police Fund.

The significant risks we identified as part of our audit, and the conclusions from our work are set out in Appendix 1. The main recommendations we made as a result of the financial statements audit are set out in Appendix 2 of this report. None of the recommendations we made reflected significant weaknesses in the arrangements to secure economy, efficiency and effectiveness in the PCC and Chief Constable's use of resources and, as such, are not considered key recommendations.

Value for money

We are required to consider whether the PCC and Chief Constable has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice (2020) and the requirements of Auditor Guidance Note 3 ('AGN 03').



In undertaking our work, we have not identified any significant weaknesses in arrangements. Our detailed commentary is set out on the following pages.

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Key recommendations made?	Other recommendations made?
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No
Governance How the body ensures it makes informed decisions and properly manages risk	No	No	No	Yes
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	No	No

Value for money

In addition to our financial statements work we performed a range of procedures to inform our value for money commentary, including:

- Meeting with management and regular meetings with senior officers
- Review of PCC and Chief Constable and committee reports and attendance at audit committee meetings
- Reviewing reports from third parties
- Considering the findings from our audit work on the financial statements
- Review of the PCC and Chief Constable's Annual Governance Statement and Narrative Report and other publications
- Considering the work of internal audit and the counter fraud function
- Consideration of other sources of external evidence.

The PCC and Chief Constable are responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This includes managing key operational and financial risks and taking properly informed decisions so that they can deliver their objectives and safeguard public money.

As auditors, we are required to consider whether the PCC and Chief Constable has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We performed risk assessment procedures at the audit planning stage to identify any potential areas of significant weakness which could result in value for money not being achieved. This included considering the findings from other regulators and internal auditors, reviewing records at the PCC and Chief Constable and performing procedures to gain an understanding of the high-level arrangements in place. The resulting risk areas we identified were set out in our audit plan.

For each identified risk area, we performed further procedures during our audit to consider whether there were significant weaknesses in the processes in place at the PCC and Chief Constable to achieve value for money.

The NAO Code of Audit Practice requires us to structure our commentary on VFM arrangements under three reporting criteria: financial sustainability, governance and improving economy, efficiency and effectiveness.

We have set out on the following pages our commentary and findings on the arrangements at the PCC and Chief Constable in each area.

Summary of findings

Based on the audit work performed, we have not identified any significant weaknesses in the PCC and Chief Constable's arrangements for achieving value for money and have therefore not raised any key recommendations. We have raised one other recommendation in relation to timely action of internal audit recommendations.

Financial sustainability

This relates to how the PCC and Chief Constable plans and manages its resources to ensure it can continue to deliver its services.

We considered the following areas:

- how the PCC and Chief Constable identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into the plans;
- how the PCC and Chief Constable plans to bridge its funding gaps and identifies achievable savings;
- how the PCC and Chief Constable plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- how the PCC and Chief Constable ensures that its financial plan is consistent with workforce, capital, investment, and other operational plans, which may include working with other local public bodies as part of a wider system; and
- how the PCC and Chief Constable identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

2023/24 Budget and performance

The PCC and Chief Constable had set an original net revenue budget of £125.997m, this was later revised to £126.382m to reflect changes in anticipated expenditure and income. Despite the upward revision, the final outturn was £125.519m, resulting in an underspend of £0.863m against the revised budget.

The underspend is primarily due to a total of £2.920m additional income received in year, aided further by an underspend of £1.464m related to staff costs, specifically PCSO and staff pay. These favourable variances were partially offset by an overspend of £3.221m, mainly due to higher police overtime costs in the earlier quarters, and a £0.3m reduction in planned income. See below for a breakdown of the underspend:

Underspend breakdown	Amount (£m)
Additional income	-2.920
Underspend of expenditure	-1.464
Overspend of expenditure	3.221
Reduction in planned income	0.300
Total	-0.863

2024/25 Budget

The PCC and Chief Constable has set a total net budget of £133.144m, which is a £7.147m increase from 2023/24's original budget, and an even higher increase of £7.625m from 2023/24's outturn. The primary cause of this is due to an increase in the Force's budget by £7.55m. This comes especially with an increased planned income of £7.55m and a higher planned staff costs of £11.99m.

The rise in staff costs includes numerous factors such as the 2024/25 pay award, increased overtime costs, consideration of staff turnover and corresponding vacancy costs.

Financial sustainability...continued

The planned savings for 2023/24 was £1m, which the PCC and Chief Constable have delivered in year. The 2024/25 budget includes a further savings requirement of £1.206m, all of which have been identified. The Medium-Term Financial Plan (MTFP) assumes a planned savings of over £2m from 2025/26 to 2027/28, the PCC and Chief Constable have a good history of meeting and delivering its savings. It has arrangements in place to monitor the in-year financial position. It has a well-established financial planning and budget setting process that is driven by a combination of top down and bottom-up saving schemes. The budgets are also set in conjunction with the budget holders, leading to greater ownership of the process from them.

Summary

Our work has not identified any evidence that would lead us to conclude that there are significant weaknesses in the arrangements that would require a key recommendation to be made.

Governance

This relates to the arrangements in place for overseeing the PCC and Chief Constable's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas as part of assessing whether sufficient arrangements were in place:

- how the PCC and Chief Constable monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the PCC and Chief Constable approaches and carries out its annual budget setting process;
- how the PCC and Chief Constable ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the PCC and Chief Constable ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- how the PCC and Chief Constable monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

Risk management and internal controls

The PCC and Chief Constable monitor and assess risk through several oversight frameworks. Both the OPCC and the Force's risk registers are presented at each Joint Audit and Standards Committee (JASC) meeting, providing a platform for robust scrutiny of both strategic and operational risks.

Risks are evaluated using a RAG (Red, Amber, Green) rating system and are mapped on a risk matrix. This matrix considers both the likelihood of risks occurring and their potential impact, with a combined scoring system where the highest possible score is 25. The risks cover various categories, including finance, workforce, performance, and the IMU backlog, among others. As of September 2024, there were seven key risks on the register. The risk management policy was last updated for implementation from 1 August 2024, with the next review due by 31 July 2026.

The JASC receives regular Internal Audit reports arising from the internal audit annual plan, which is agreed at the beginning of each financial year. As of 31 March 2024, seven recommendations were overdue, with two recommendations overdue by more than six months. According to the recent Internal Audit update received in January 2025, there are eight recommendations overdue, including four with revised target dates. Actions related to Business Continuity are now over six months beyond target dates, but Internal Audit has confirmed that positive progress is being made.

Delays in implementing internal audit recommendations have been raised by the predecessor auditor as a recommendation, which we believe is still applicable for 2023/24. Therefore, this has been re-raised on page 15.

The 2023/24 Head of Internal Audit Opinion includes an overall assurance of Substantial Assurance, consistent with 2022/23. No significant weaknesses in internal controls or risk management have been identified.

Informed decision making

Conversation and discussion at the JASC are well-chaired, effective, informed, and focus appropriately on key issues while not allowing themselves to be distracted by lower priority matters. The Committee plays an effective part in the overall governance arrangements in place at the OPCC and the Force.

Governance...continued

Budget setting process

The PCC and CC's approach to the annual budget setting process is robust, involving appropriate stakeholder engagement and qualified staff leadership. Police and Staff Pay is forecast centrally by the HR Department and monitored by the Workforce Development Group (WDG).

Budget holders are responsible for forecasting outturns, supported by Finance Business Partners who provide scrutiny and challenge. Before approval, the budget undergoes scrutiny by the Police and Crime Panel. Once approved by the PCC, budget holders are accountable for delivery, with quarterly Money Matters (MM) reports enabling regular financial monitoring. These reports ensure alignment with the set budget and monitor financial risks associated with the budget and the Medium-Term Financial Plan (MTFP). A detailed budget assessment is included in the Financial Sustainability section commentary.

Summary

Our work has not identified any evidence that would lead us to conclude that there are significant weaknesses in the arrangements that would require a key recommendation to be made. We have, however, re-raised a recommendation from the prior year on internal audit recommendations.

Improving economy, efficiency and effectiveness

This relates to how the PCC and Chief Constable seeks to improve its systems so that it can deliver more for the resources that are available to it.

We considered the following areas as part of assessing whether sufficient arrangements were in place:

- how financial and performance information has been used to assess performance and identify areas for improvement;
- how the PCC and Chief Constable evaluates service quality to assess performance and identify areas for improvement;
- how the PCC and Chief Constable ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and
- where the PCC and Chief Constable commissions or procures services, how it ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how it assesses whether it is realising the expected benefits.

Use of financial and performance information

The PCC and Chief Constable lead the Governance and Performance Board, which meets quarterly to review performance against specific service areas, assess performance, and identify areas for improvement. The quarterly Money Matters (MM) report considers both financial and other performance information.

The Police and Crime Panel also produces a summary report that includes progress against the PCC's Police and Crime Plan, summarising performance against the Plan's objectives.

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)

The PCC and Chief Constable follow a two-tier approach to manage the numerous HMICFRS reports. Points raised are allocated to senior officers and monitored and tracked by the Officer of the PCC. Detailed actions are primarily governed within the force through the Performance & Assurance Board and strategic Thematic Steering Groups. These boards receive regular updates on inspection activity, force readiness, compliance, and delivery of recommendations.

The JASC also receives regular reports to assess progress against the agreed actions, ensuring that points raised in the HMICFRS reports are appropriately addressed and implemented.

In the latest Police Effectiveness, Efficiency, and Legitimacy (PEEL) assessment held in August 2022, the Force was rated as Adequate in five out of eight areas and Requires Improvement in three out of eight areas.

Partnership working

The PCC and Chief Constable are part of different partnership arrangements, two of which are:

- West Midlands Regional Organised Crime Unit
- The Northern Justice Centre and Southern Justice Centre

These partnerships were extensively reviewed and tested as part of the financial statements audit.

Summary

Our work has not identified any evidence that would lead us to conclude that there are significant weaknesses in the arrangements that would require a key recommendation to be made.

Other recommendations

These recommendations relate to less significant deficiencies or opportunities for improvement we have identified during the course of our work. Progressing the actions management has identified to address the recommendations made will support the Council in realising the improvement opportunities identified from our work.

Criteria	Recommendation	Observation and implication / impact	Management response
Governance	Review the overdue internal audit recommendations to implement these at the earliest opportunity, or document management's decision for accepting the residual risk and related decision to not implement the recommendations.	<p>Failure to implement audit recommendations in a timely manner, or to identify compensating controls, results in increased exposure to ongoing risk.</p> <p>As of January 2025, there are eight overdue internal audit recommendations .</p>	We accept the need for internal audit recommendations to be implemented in a timely fashion. The process for recording and monitoring these recommendations is established, but it is important that this is managed and prioritised to ensure that risks are mitigated in the most efficient and effective manner.

Follow up of prior recommendations

Criteria	Recommendation	Type	Date raised	Progress to date	Addressed?	Further action needed
Governance	Review the 18 overdue internal audit recommendations to implement these at the earliest opportunity, or document management's decision for accepting the residual risk and related decision to not implement the recommendations.	Other	2022/23	Our work confirmed that this is ongoing, and the PCC and CC still have overdue internal audit recommendations to address.	N	We have re-raised this recommendation for the 2023/24 financial year.
Governance	The OPCC and Force should ensure that policies continue to be reviewed an updated in line with the recommendations within the policies themselves and on a regular basis.	Other	2021/22	We have obtained sufficient evidence to note that management have addressed this recommendation and have appropriate arrangements in place.	Y	The PCC and Chief Constable have implemented this recommendation and therefore, will be closed.



We are an accounting, tax, audit, advisory and business services group that delivers a personal experience both digitally and at your door.

Accounting | Tax | Audit | Advisory | Technology

hello@azets.co.uk

Follow us [!\[\]\(c3d993ca47bfe2a953c700506ce31fa0_img.jpg\)](#) [!\[\]\(c468cde8f04e2e2a6ba3c2a373e05c45_img.jpg\)](#) [!\[\]\(bb556800b100164a948e6987b050d670_img.jpg\)](#) [!\[\]\(3cc1da747298690f15ddc84b775791a4_img.jpg\)](#) [!\[\]\(ffc6f60ce19e61ae0cb642f5a2e44734_img.jpg\)](#)