



Staffordshire PFCC and Chief Constable

Joint Audit Completion Report for Those Charged with Governance

Year ended 31 March 2024

February 2025



Ethics, Transparency and Audit Panel
Staffordshire PFCC and Chief Constable
Weston Road
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February 2025

Dear Ethics, Transparency and Audit Panel Members

Staffordshire Police, Fire and Crime Commissioner (PFCC) and Chief Constable– Completion report for Those Charged with Governance for the year ended 31 March 2024

This Audit Completion Report summarises the approach and outcomes arising from our audits for the benefit of Those Charged with Governance, as required by International Standard on Auditing (UK) 260, the National Audit Office Code of Practice 2024 (the 'Code') and associated Auditor Guidance Notes. The contents of this report relate only to those matters which came to our attention during the conduct of our audit procedures and have been discussed with management.

We were appointed as auditors to perform the audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), which are directed towards forming and expressing an opinion on the financial statements that have been prepared on behalf of management with the oversight of Those Charged with Governance.

Statutory Instrument (2024) No.907 - "*The Accounts and Audit (Amendment) Regulations 2024*" (the SI) imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements. We have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK). This decision is in line with **ISA 200: Failure to Achieve an Objective 24**.

The **Accounts and Audit Regulations 2015**, as amended by the **Accounts and Audit (Amendment) Regulations 2024**, impose a statutory backstop date of 28 February 2025 for the publication by the PFCC and Chief Constable of their final Statement of Accounts for 2023/24. The **Code of Audit Practice (2024)** (the Code) issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (the Code) specifies that auditors are required to issue their auditor's report before this date, even if planned audit procedures are not fully complete, so that local government bodies can comply with these statutory reporting timescales.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation).

Auditors have to consider whether the time constraints imposed by the backstop date mean that they cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support their opinion and fulfil all the objectives of the ISAs (UK). For 2023/24, the time constraints are further restricted by the fact that the statutory backstop date of 13 December 2024 for outstanding periods to 31 March 2023 – all preceding audit periods – resulted in the issue of disclaimed audit opinions by the Police, Fire and Crime Commissioner (PFCC)'s and Chief Constable's predecessor auditor for the financial year ended 2022/23. This means we have no assurance on the PFCC's and Chief Constable's opening balances as at 1 April 2024.

Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing disclaimers of opinion in our auditor's reports.

In completing our work for this audit year we have taken into account [Statutory Instrument \(2024\) No. 907](#) - "The Accounts and Audit (Amendment) Regulations 2024" and [Local Audit Reset and Recovery Implementation Guidance](#). We have also taken into account the requirements of the [Local Audit and Accountability Act 2014](#), the National Audit Office's [Code of Audit Practice \(2024\)](#), the [Statement of Responsibilities](#) (from 2023/24 audits) issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

The responsibilities of the PFCC, Chief Constable and Those Charged with Governance remain unchanged. The PFCC's and Chief Constable's Responsible Finance Officers have a responsibility under The Accounts and Audit Regulations 2015 to confirm that the Accountability Statements included in the Statement of Accounts give a true and fair view. Those Charged with Governance have an essential role in ensuring that they have assurance over the quality and accuracy of the financial statements prepared by management and the PFCC's and Chief Constable's wider arrangements to support the delivery of a timely and efficient audit. The Public Sector Audit Appointment Limited's [Statement of Responsibilities](#) (paragraphs 26-28) clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix III).

Alongside our audit of the financial statements, under the Code we are also required to consider your arrangements for securing economy, efficiency and effectiveness in your use of resources and to report any significant weaknesses we identify, including reporting these in our auditor's report. We consider and report on the adequacy of the PFCC's and Chief Constable's financial reporting arrangements and the effectiveness of the Ethics, Transparency and Audit Panel (ETAP) in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements. We also consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

Where, as part of our work, we identify control weaknesses we will also report these to you. However, our audit is not designed to test all internal controls or identify all areas of control weakness. As such, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

This report is intended solely for the information and use of the PFCC, Chief Constable, ETAP and management, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit.

Yours sincerely

Paul Grady

Key Audit Partner

For and on behalf of Azets Audit Services



This report has been prepared for the sole use of the PFCC and Chief Constable's management and Those Charged with Governance. It should not be quoted in whole or in part without our prior written consent and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to any third parties. To the fullest extent permitted by law, 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

This section summarises for those charged with governance the work we performed on the PFCC's and Chief Constable's financial statements, our findings on their value for money arrangements and other matters arising from the statutory audit of Staffordshire PFCC and Staffordshire Chief Constable for the year end 31 March 2024.

Under International Standards on Auditing (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice 2024 ('the Code') we were appointed to report on whether, in our opinion:

- *The PFCC's and Chief Constable's financial statements give a true and fair view of the financial position of the PFCC and Chief Constable and their income and expenditure for the period; and*
- *The PFCC and Chief Constable's financial statements, have been properly prepared in accordance with the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code') 2023/24 and the Local Audit and Accountability Act 2014.*

We are also required to report on other matters under the Code of Audit Practice (2024), including any significant weaknesses we have identified in the PFCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in their use of resources.

Context for the audit

Timely, high-quality financial reporting and audit of local bodies is vital. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and that all stakeholders in the sector need to work together to address this. The factors which have led to this situation are widespread and varied. These include the following:

- Increased complexity of financial and other reporting requirements within the sector
- Increased volume of complex capital and income generation transactions which required specialist accounting and auditing expertise and which take significantly more time to prepare and audit
- Lack of capacity within local authority financial reporting professions and audit firms with specialist public sector experience
- Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed

The Ministry of Housing, Communities and Local Government (MHCLG), formerly the Department of Levelling Up Homes & Communities (DLUHC), has worked collaboratively with the Financial Reporting Council, as incoming shadow system leader, and other system partners including the NAO to develop and implement measures to clear the backlog.

In July 2024, the Minister for MHCLG issued a statement confirming the government's plans to:

- **Reset** and clear the backlog through the setting of a statutory backstop date of 13 December 2024 for any outstanding financial statements for financial years to 2022/23;
- **Recover** assurance over a five-year period to 2027/28 to avoid a recurrence of the backlog through the setting of further backstop dates for financial years 2023/24 to 2027/28; and
- **Reform** the local audit system to address the systemic challenges and embed timely financial reporting and audit.

Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI), together with the updated NAO Code of Audit Practice 2024 and the Local Audit Reset and Recovery Implementation Guidance give effect to the ministerial statement and have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)).

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Executive summary

Statutory backstop dates were published in The Accounts and Audit (Amendment) Regulations 2024, which were approved by Parliament and came into force on 30 September 2024. These regulations were subsequently incorporated into The Accounts and Audit Regulations 2015 (as amended).

Alongside this updated legislation the NAO updated the Code of Audit Practice (the Code) to reflect the statutory backstop requirements. The 2024 Code was approved by Parliament on 14 November 2024. At the same time the NAO issued the Local Audit Reset and Recovery Implementation Guidance (the LARRIGs) to facilitate auditor compliance with International Standards on Auditing (UK) (ISAs (UK)), which were endorsed by the FRC.

The PFCC and Chief Constable's 2022/23 audits were concluded in December 2024. The 2022/23 audits were disclaimed on 10 December 2024, resulting in a lack of assurance on the PFCC and Chief Constable's opening balances at 1 April 2024.

As a result of the system wide implementation of backstop dates we intend to issue a disclaimer of the audit opinion on the PFCC and Chief Constable's 2023/24 accounts.

Financial statements – the 2023/24 audit

The statutory date for the PFCC and Chief Constable to issue unaudited financial statements for 2023/24, as set out in the Accounts and Audit Regulations 2015 (as amended), was 31 May 2024. The Accounts and Audit Regulations 2015 required the Authority to make its financial statements for the year ended 31 March 2024 available for public inspection by the first working day in June 2024. The PFCC and Chief Constable issued their unaudited financial statements on 3 June 2024, which was the first working day. The statutory public inspection period ran from 3 June 2024 to 12 July 2024. No objections were received during this inspection period.

The lack of assurance over opening balances resulting from the disclaimers of opinion issued in the prior years, together with the imminent statutory backstop date for 2023/24 (28 February 2025), has impacted on the audit procedures that we had planned to undertake to gain assurance on the PFCC and Chief Constable's 2023/24 financial statements. These planned procedures were first reported in our audit plan and updated in our progress reports shared with ETAP in May 2024 and December 2024. There is insufficient time and resource available to obtain sufficient appropriate audit evidence to conclude that the 2023/24 financial statements as a whole are free from material misstatement, including recovering missing assurance from 2022/23, before the statutory backstop date of 28 February 2025. We therefore plan to issue a disclaimer of the audit opinion on the PFCC's and Chief Constable's 2023/24 accounts. We have included the draft wording of our Audit Reports alongside this document for your information.

We have prioritised available resources in carrying out audit procedures which will provide us with audit information which we can accrete to future audit periods in line with the guidance set out in the LARRIGs.

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Executive summary

We have undertaken the following planning tasks:

- Required independence procedures;
- Determination of materiality at the planning stage and reconsideration upon receipt of the financial statements;
- Made inquiries of management, Those Charged with Governance and internal audit;
- Procedures in relation to understanding the entity and its environment, and in assessing the control environment in place;
- Planning procedures in relation to applicable laws and regulations;
- Planning assessment and consideration of the PFCC and Chief Constable's related party transactions;
- Review of key PFCC and Chief Constable minutes;
- Review of internal audit reports and findings produced;
- Assessment of competence and capability of experts used by the PFCC and Chief Constable in the preparation of the financial statements;
- Undertaking planning analytical procedures and follow up with management;
- Updated our understanding of the business, including through review of responses to inquiry letters, minute review and in discussion in our internal planning meetings and through our review and documentation of business processes and walkthrough procedures, where possible, including our review of IT General Controls and additional procedures required under ISA (UK) 315;
- Risk-based scoping of audit procedures at the financial statements level and at the assertion level;
- Identified significant risks of material misstatement;
- Considered any other matters that may require reporting to regulators, or which may result in a modification to the audit report, e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money and any matters that may result in the use of the auditor's powers;
- Production, agreement of the audit plan and two interim progress reports (May 20224 and December 2024).

In order to issue our auditor's report, we require completion of the following matters:

- Receipt and review of the management representation letter for each corporation sole
- Receipt and review of the final amended, approved Statement of Accounts for each corporation sole.
- Responses from management regarding subsequent events up to the date of the opinion and completion of subsequent events audit procedures.
- Final engagement lead 'stand-back' review of the file.

We will continue to consider existing and new information which could influence our final audit report (opinion), a current draft of which is provided as an additional document alongside this report.

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Executive summary

The PFCC and Chief Constable's Chief Financial Officers are responsible for ensuring that the PFCC and Chief Constable each has adequate internal controls in place to produce financial statements that give a true and fair view and for reconfirming the material accuracy of the financial statements before they are approved by the PFCC and Chief Constable.

Where, from our procedures performed, we have identified errors or misstatements in the financial statements, disclosure errors, or inconsistencies with the prior year, we report these in this report. Any such matters reported are not exhaustive due to the lack of time available to complete our work. We are unable to confirm if there are any other misstatements in the financial statements for 2023/24 beyond those reported in this report.

During our work we identified some deficiencies in your internal controls which are set out in Appendix 1.

We are required to consider whether the PFCC and Chief Constable has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Value for money

We have almost completed our value for money work and our detailed findings will be set out in our Auditor's Annual Report which will be issued at a later date.

We have reported one significant weaknesses impacting the Force and PFCC's arrangements for governance and improving economy, efficiency and effectiveness. This relates to the fact that, during 2023/24, following the PEEL (Police effectiveness, efficiency and legitimacy) inspection for the 2021/22 cycle by HMICFRS, Staffordshire Police was in the 'Engage' phase of monitoring. On 21 May 2024 the Force was discharged from the 'Engage' phase by HMICFRS as a result of the improvement in the areas of concern which were identified by HMICFRS. However, due to the fact that the Force was in the 'Engage' phase throughout 2023/24 and up to March 2024, this is indicative of a significant weakness in the relevant underlying arrangements for 2023/24.

Our detailed findings will be reported in our Auditor's Annual Report.

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

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

Statutory duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the PFCC and Chief Constable to consider it, or to bring it to the attention of the public.

We have not exercised any of our additional statutory powers and duties. We expect to be able to certify the closure of the audit upon completion of any required work on whole of government accounts, as specified in the group instructions issued by the NAO.

Quality indicators

KEY:

RED:

AMBER:

GREEN:

Significant improvement required

Developing/ Minor improvements required

Mature

The following metrics are important in assessing the reliability of your financial reporting and response to the audit

Metric	Grading	Commentary
Quality and timeliness of draft financial statements	GREEN	<i>The draft financial statements were produced in line with the statutory deadline and were available for inspection from Monday 3 June 2024. From the work undertaken in the time available ahead of the statutory backstop, we did not identify significant issues related to the quality of the accounts.</i>
Quality of working papers provided and adherence to timetable	GREEN	<i>The working papers provided were of high quality and were delivered in a timely manner. There was a prompt turnaround by management on the inquiries made by the audit team.</i>
Timing and quality of key accounting judgements	GREEN	<i>From the work we have been able to undertake ahead of the statutory backstop, we did not encounter any challenges in the timing and quality of key accounting judgments</i>
Access to finance team and other key personnel	GREEN	<i>The finance team, including the management expert, was available as agreed and responsive to our audit queries. They have been very helpful in their engagement with the audit.</i>
Quality and timeliness of Narrative Report and Annual Governance Statement	GREEN	<i>The draft financial statements were received on 20 September 2024. From the work undertaken in the time available ahead of the statutory backstop, we did not identify significant issues related to the quality of the narrative report and annual governance statement.</i>
Volume and magnitude of identified errors	GREEN	<p><i>From the work we have been able to undertake, we have not identified any significant errors or any material causes of concern.</i></p> <p><i>We have determined that the imposition of the backstop has created time constraints which impede our ability to complete all necessary procedures to obtain sufficient appropriate audit evidence and to fulfil the objectives of all the relevant ISAs (UK) in relation to balances.</i></p> <p><i>As a result of the material and pervasive nature of missing assurance, and the imminent statutory backstop date of 28 February 2025 for the 2023/24 audit, we intend to disclaim the audits in our audit reports.</i></p>

Audit scope and general approach

This section sets out the scope and nature of our audit and should be considered in conjunction with the [Terms of Appointment](#) and [Statement of Responsibilities](#) issued by Public Sector Audit Appointments Limited (PSAA).

The primary responsibility for the prevention and detection of fraud rests with management and Those Charged with Governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Scope and general approach

Our objective when performing an audit is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach we:

- Perform risk assessment procedures including updating our understanding of the PFCC and Chief Constable, including their environment, the financial reporting framework and their system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We reported the significant and other risks we had identified in our audit plan. We provided updates in our progress reports shared with ETAP in May 2024 and December 2024.

Work undertaken in 2023/24

2023/24 is our first year of appointment as external auditors to Staffordshire PFCC and Chief Constable. Following the commencement of our appointment we have undertaken planning procedures and interim testing procedures, including additional work required under ISA (UK) 315. Subsequent to our appointment, MHCLG introduced statutory backstop dates, including for the 2023/24 audit.

Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 28 February 2025. By this date we are required to issue our opinion on the financial statements.

We have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation).

Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs (UK) and we anticipate issuing disclaimers of opinion for each corporation sole.

Materiality

Under ISA (UK) 260 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines:

- **clearly trivial** as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria;
- **material** as an omission or misstatement that would reasonably influence the users of the financial statements.

The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the business and the needs of the users.

As set out in our audit plan, we determined materiality at the planning stage as £4.275m for the group and each corporation sole, based on 2% of gross expenditure of the prior year unaudited financial statements for the Chief Constable. On production of the financial statements we reconsidered our materiality determination. We determined that we needed to lower the materiality thresholds from those reported in the Audit Plan.

We have determined that no specific materiality levels need to be set for this audit.

Materiality area	Planning £000	Final £000	Explanation
Overall materiality for the financial statements	4,275	3,908	This is the equivalent of 2% of gross revenue expenditure based on the Chief Constable's 2023/24 draft financial statements. We determine materiality for the Chief Constable (£3.908m), PFCC (£4.976m) and the group (£4.173m) and then apply the lowest of these materialities throughout the audit. This is based on the risk profile of the PFCC and Chief Constable and their primary objective to deliver public services. This is a common measure for calculating materiality for Commissioners and Chief Constables as the users of the PFCC and Chief Constable's financial statements are considered to be most interested in where the PFCC and Chief Constable and Group has expended their income during the year.
Performance materiality	2,565	2,345	Performance materiality has been set at 60% of overall materiality. This is based on the internal control environment of the PFCC and Chief Constable and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial threshold	213	195	This is set at 5% of the headline materiality calculation. Individual errors above this threshold are communicated to Those Charged with Governance.

Significant risks of material misstatement

This section of our report includes a summary of the significant risk areas we identified during our audit planning that required special consideration. It provides an overview of our risk identification for the year to 31 March 2024. We set out our planned responses to each of these risks in our audit plan.

We have not amended the risks which we reported in our audit plan as formally presented to you in January 2024.

Significant risk	Fraud risk?	Planned approach to controls	Level of judgement / estimation uncertainty	Work completed
Prior year opinion on the financial statements	No	N/A	Low	The work we completed is set out on the next page.
Change of the financial system	No	Assess design & implementation	Low	The work we completed is set out on the next page.
Management override of controls	Yes	Assess design & implementation	Low	Due to the missing assurance for prior periods and the time constraints imposed by the statutory backstop we have been unable to complete all our planned procedures on the significant and other risks we identified.
Presumption of fraud in revenue recognition	Rebutted	Assess design & implementation	Low	
Expenditure recognition	Rebutted	Assess design & implementation	Low	
Valuation of land and buildings	No	Assess design & implementation	High	As a result of the material and pervasive nature of missing assurance, and the imminent statutory backstop date of 28 February 2025 for the 2023/24 audit, we intend to disclaim the audit in our audit report.
Valuation of pension assets and liabilities (IAS19)	No	Assess design & implementation	High	

Significant risks of material misstatement

Identified risk	Audit procedures completed	Outcome
<p>Prior year opinion on the financial statements</p> <p>In our audit plan we highlighted that we had not yet obtained a copy of the audit opinion from your predecessor auditor for the 2022/23 financial year. We therefore reported that:</p> <ul style="list-style-type: none"> • There was a risk that issues not yet identified in these audit years could impact the current audit year; • There was a further risk that the audit backstop of 13 December 2024 may prevent the prior year audits from being completed, resulting in prior year audit opinions being qualified by a 'limitation of scope' or disclaimed in full. <p>As a result, we reported the significant risk that:</p> <ul style="list-style-type: none"> • there may be limited assurance available over the PFCC and Chief Constable's opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pensions valuations and property, plant and equipment valuations, amongst others). • significant transactions, accounting treatment and management judgements may not have been subject to audit for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed periods. 	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> • considered the findings and outcomes of your prior year audits and their impact on our 2023/24 audit; • considered the impact on our 2023/24 audit of the prior year disclaimed audit opinions you have received from your predecessor auditor, with particular regard to opening balances and 'unaudited' transactions and management judgements made in previous disclaimed years which continue into 2023/24; and • considered the impact of any changes in The CIPFA Code requirements for financial reporting in previous and current audit years. 	<p>The PFCC and Chief Constable's accounts were disclaimed for 2022/23 under the statutory back stop as there was not sufficient time for the predecessor auditor to complete the audits. This means we have no assurance over the comparators in the 2023/24 financial statements and no assurance over transactions occurring in those years which impact the figures reported in the financial statements for 2023/24.</p> <p>Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 28 February 2025. By this date we are required to issue our opinion on the financial statements.</p> <p>We have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).</p> <p>Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs (UK) and we anticipate issuing a disclaimer of opinion for each corporation sole.</p>

Significant risks of material misstatement

Identified risk	Audit procedures completed	Outcome
<p>Change of the financial system (PCC / Chief Constable)</p> <p>At the commencement of 2023-24 accounting period, both PCC and CC executed a migration from Oracle/Origin to Integra system.</p> <p>There is an inherent risk concern surrounding the completeness and accuracy of data transfer from the legacy system to the new platform, with a potential risk of oversight in identifying migration errors. Consequently, the transfer poses a risk wherein errors may result in material misstatement in the opening balances and data on the current financial year.</p> <p>Risk of material misstatement: High</p>	<p>In response to this risk, we undertook the following work:</p> <ul style="list-style-type: none"> • Gaining an understanding of the processes and controls put in place by management to ensure that the transfer of data is complete, accurate, and not materially misstated and evaluate the design of the associated controls, • Reviewing and assessing assurance reports provided on the implementation of the new financial system, on which management are relying to satisfy themselves over the completeness and accuracy of the data transfer, • Reviewing and assessing any assurance provided by internal audit assurance from reviews undertaken by them over the transfer. • Undertaking procedures to gain assurance over the completeness of the data transferred, and • Undertaking testing, on a sample basis, over the accuracy of data transferred, both from the old system to the new, and from the new system back to the source data on the old system. 	<p>The work was undertaken by our specialist IT team due to the complexity and specialisation required for the audit and testing of the system migration. The work performed involved gaining an understanding of the processes and controls put in place, reviewing and assessing the assurance report, and reviewing the internal auditors' assurance provided on the process.</p> <p>Minor improvements were identified and raised as an internal control deficiency. These deficiencies are detailed in Appendix 1. We concluded that none of them are significant.</p> <p>Further to the above, our IT auditors also performed procedures on the completeness of data transfer. This involved reconciling the data sets from both the previous system and the new system to confirm the completeness and accuracy of the migrated data. The transfer process was found to be effective, with some minor deviations, but overall, the data migration was generally accurate. The minor deviations included supplier address discrepancies, two duplicated records from the old system being transferred to the new system, and the aggregation of detailed data due to fewer available fields. However, none of these issues involved incorrect financial figures being transferred to the new system.</p> <p>Our work did not identify any material issues in response to this risk.</p>

2023/24 work and building back assurance

Following the commencement of our appointment as external auditors from 2023/24, we have worked closely with the PFCC and Chief Constable by:

- Confirming and evidencing our independence to act as appointed external auditors;
- Confirming engagement acceptance and continuance arrangements;
- Establishing effective working arrangements with the PFCC and Chief Constable's chief financial officers and finance team;
- Undertaking planning procedures in line with the requirements of relevant ISAs (UK) to develop our understanding of the PFCC and Chief Constable, confirm the scope of our external audit and identify and assess risks of material misstatement in the financial statements;
- Issuing audit requests to the PFCC and Chief Constable's finance team using our "Inflo" portal to ensure that both we and the finance team develop an understanding of audit requirements and expectations, and the nature of the information held by the PFCC and Chief Constable to support the financial statements;
- Considering the implications of the statutory backstop legislation and the anticipated assurance likely to be available from the predecessor auditor and considering the impact of these matters on our approach.

As a firm we have invested considerable resources in developing our overall response to the anticipated issuing of disclaimers of opinion for 2022/23 and prior years, and the impact that this has on our audit responsibilities and audit approach for 2023/24 and future years.

Due to the audit complexities caused by the issue of previous disclaimers of opinion our work has required greater involvement from senior members of the audit team than would normally be the case.

Specific procedures we have undertaken in 2023/24 include the following:

- Responding to any actual or suspected non-compliance with laws and regulations of which we have become aware;
- Reviewing minutes of meetings including, but not limited to, PFCC decisions, and PFCC and Chief Constable meetings and ETAP;
- Agreeing opening balances and comparative figures to prior year financial statements;
- Agreeing the financial statements to the PFCC and Chief Constable's trial balance and general ledger;
- Checking financial statements for internal consistency and arithmetic accuracy;
- Completing disclosure checklists to assess for material omissions or disclosure errors;
- Undertaking a high-level Audit Manager and Engagement Lead review of the 2023/24 financial statements;
- Confirming that accounts have been issued and approved in line with The Accounts and Audit Regulations 2015;
- Procedures in respect of subsequent events after the balance sheet date, including enquiries of management;
- Updating our planning and risk assessment and procedures on receipt of the financial statements (post-statement procedures) including re-considering our materiality thresholds;
- Updating our scoping procedures following receipt of the financial statements;
- Undertaking post-statement analytical procedures;
- Reviewing the form and content of the Narrative Report and Annual Governance Statement;
- Evaluating any misstatements identified; and
- Drafting an Audit Plan, two progress reports and Audit Completion Report and presenting these to the ETAP, PFCC and Chief Constable.

continued...

2023/24 work and building back assurance

As per LARRIG guidance issued by the NAO there is a recognition that the process of rebuilding assurance following a previous modified or disclaimed audit opinion will take a number of years, as it will be necessary to rebuild assurance on all balance sheet and CIES areas. Where balances are inherently tied to transactions which occurred during disclaimed periods, particularly reserves, we will need to obtain assurance over these historical transactions. In the case of Staffordshire PFCC and Chief Constable, disclaimers of opinion issued prior to our appointment as auditors for 2023/24 cover the financial year 2022/23.

As part of our work in 2023/24 we have begun assessing what work, carried out in 2023/24, can be used to inform the process of rebuilding assurance in future years. We reported in our progress report in December the areas in which we aimed to focus our audit efforts.

Where work was able to be undertaken in these areas, we intend to accrete this work into future audit periods to inform the future building back of assurance. We are committed to working with the PFCC and Chief Constable over the term of our appointment towards a position of being able to issue an unmodified opinion. This will require us to apply a process of rebuilding assurance over all financial years for which disclaimers of opinion have been issued.

As a result of the approach adopted we have developed our understanding of the PFCC and Chief Constable's systems, process, controls and arrangements for the preparation of the financial statements and have gathered information which may inform the process of rebuilding assurance in future years.

Specific areas in which we have undertaken work in 2023/24 which could be used as part of the rebuilding assurance process for the PFCC and Chief Constable in subsequent years includes the following:

- Journals analysis in response to the risk of management override of controls;
- Going concern;
- Grant income;
- Payroll starters and leavers;
- Completeness of operating expenditure;
- Existence and accuracy of operating expenditure;
- Completeness of income;
- Cash and cash equivalents;
- Investments;
- Intangible assets;
- Depreciation;
- Existence of Property, Plant and Equipment;
- Valuation of Property, Plant and Equipment;
- Property Plant and Equipment Additions;
- Intangible assets;
- Short and long term creditors;
- IT General controls and work under ISA315;
- Business process documentation;
- Borrowings;
- Pension liability valuation;
- Migration of data from old general ledger to new general ledger system.

2023/24 work and building back assurance

Other matters

In undertaking our work we requested external confirmations for all bank and investment accounts. Two investment account confirmations, totalling £7.7m, were not received.

Significant matters

As required by the ISAs, we must notify you of the significant findings from the audit. Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have therefore summarised any significant matters we identified from the procedures we completed in the table below.

Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures, including concerns identified in the following:	
<ul style="list-style-type: none">• Consultation by management with other accountants on accounting or auditing matters;• Matters significant to the oversight of the financial reporting process;• Adjustments / transactions identified as having been made to meet an agreed budget.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Any significant difficulties encountered during the audit.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report
Any significant matters arising from the audit that were discussed with management, including: <ul style="list-style-type: none">• Significant management judgements where there was disagreement over the judgement;• Consistency of opening balances with prior year financial statements;• Inconsistencies between the financial statements and trial balance;• Findings and issues around the material accuracy of opening balances;• Any other matters significant to your oversight of the financial reporting process.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report
Other significant matters - If an objective in a relevant auditing standard cannot be achieved, we are required to evaluate whether this prevents us from achieving the overall objectives of the audit and therefore requires us to modify our auditor's opinion, or to withdraw from the audit engagement (where this is possible under applicable law or regulation). Due to the statutory backstop date, we are unable to meet the objectives of the ISAs (UK) in full and will therefore disclaim our opinion.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We are reporting this significant matter to you as we consider it to be a matter requiring documentation in accordance with ISA (UK) 230.

Financial statements: other responsibilities

As required by the ISAs, we must notify you of other matters if they are significant to your oversight of the PFCC and Chief Constable's financial reporting process. Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have therefore summarised any significant matters we identified from the procedures we completed in the table below.

Matter	Commentary	Outcome
Matters in relation to fraud	We have previously discussed the risk of fraud with management, ETAP and the PFCC and Chief Constable and reflected this in our audit plan. We have not subsequently been made aware of any other incidents.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Matters in relation to related parties	ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control. During our audit planning you have informed us of the individuals and entities that you consider to be related parties.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Matters in relation to compliance with laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Written representations	A letter of management representations has been requested from the PFCC and Chief Constable.	Please refer to the letter of representation included alongside this report.

continued....

Financial statements: other responsibilities

Matter	Commentary	Outcome
Confirmation requests from third parties	<p>We requested permission from the PFCC and Chief Constable to send confirmation requests to third parties. All requested bank confirmations have been received.</p> <p>However, two investment account confirmations, totalling £7.7m, were not received from the third party fund manager.</p>	<p>Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>
Going concern	<p>Management is required to make and document an assessment of whether the PFCC and Chief Constable is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.</p> <p>As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements during our audit and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).</p>	<p>Management prepared the financial statements on a going concern basis applying the continuation of services provision set out in the ‘CIPFA Code’ and Practice Note 10. We concur with this assessment.</p> <p>As we will be issuing a disclaimer of opinion, we have not considered whether there are any material uncertainties that would need to be disclosed in the financial statements.</p>

continued....

Financial statements: other responsibilities

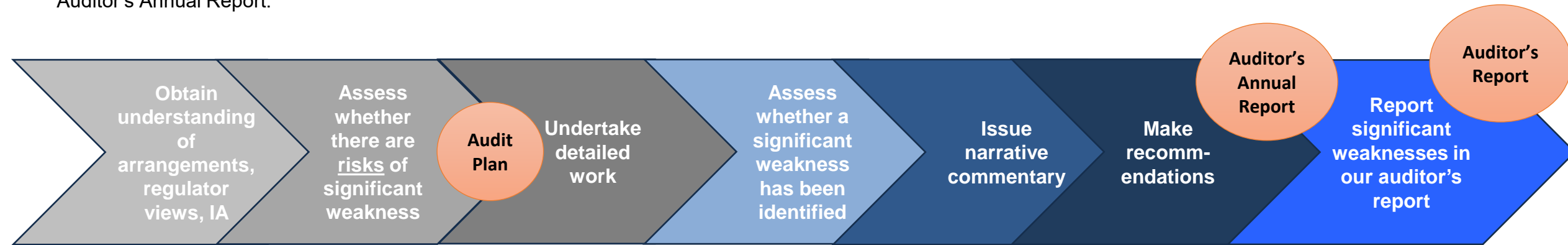
Matter	Commentary	Outcome
Other information included in the Financial Statements: Narrative Report and Annual Governance Statement	<p>Under the Code of Audit issued, we are required to read and report on whether the other information included in the Statement of Accounts (including the Narrative Report 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 required to report by exception if the annual governance statement does not comply 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> <p>Audit Guidance Note 07, issued by the National Audit Office, confirms that where a disclaimer of opinion is issued, we may report that we have not completed this work.</p>	<p>We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the PFCC and Chief Constable.</p> <p>As we have concluded we will be issuing a disclaimer of opinion we have not completed this work.</p>
Other matters on which we report by exception	<p>We are also required to report by exception:</p> <ul style="list-style-type: none"> • If we have applied any of our statutory powers or duties • Where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. 	<p>We have reported one significant weakness impacting the Force and PFCC's arrangements for governance and improving economy, efficiency and effectiveness. This relates to the fact that, during 2023/24, following the PEE L(Police effectiveness, efficiency and legitimacy) inspection for the 2021/22 cycle by HMICFRS, Staffordshire Police was in the 'Engage' phase of monitoring. On 21 May 2024 the Force was discharged from the 'Engage' phase by HMICFRS as a result of the improvement in the areas of concern which were identified by HMICFRS. However, due to the fact that the Force was in the 'Engage' phase throughout 2023/24 and up to March 2024, this is indicative of a significant weakness in the relevant underlying arrangements for 2023/24.</p>

Financial statements: other responsibilities

Matter	Commentary	Outcome
Specified procedures for the Whole of Government Accounts (WGA)	We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation pack under WGA group audit instructions. Group instructions were issued in July 2024 which set out the procedures that the NAO require from component auditors. The PFCC and Chief Constable does not exceed the audit threshold for detailed testing set out in the group instructions, Submission of a partial assurance statement is therefore required, However, the instructions state that the NAO may direct auditors of components below the audit threshold to undertake additional work	We will submit our partial assurance statement to the NAO after the issue of our auditor’s report and await further guidance on whether or not any additional testing is required.
Certification of closure of the audit	We are required to certify the closure of the audit on completion of all audit work for the financial year required under the Code.	We cannot issue our certificate of closure until the NAO have confirmed whether any additional testing is required for WGA.

Value for money

We are required to consider whether the PFCC 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 (2024) and the requirements of Auditor Guidance Note 3 ('AGN 03'). Where significant weaknesses are identified we report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report.



In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, as set out in AGN 03), we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. We undertook our planning risk assessment procedures earlier in the year and reported these were subject to the work to be undertaken by the predecessor audit for the 2022/23 year. The predecessor auditor has now reported a significant weakness related to the Force's HMICFRS inspections, impacting both the governance and the improvement economy, efficiency and effectiveness criteria, for 2022/23. This relates to the fact that, during 2022/23, following the PEEL (Police effectiveness, efficiency and legitimacy) inspection for the 2021/22 cycle by HMICFRS, Staffordshire Police was in the 'Engage' phase of monitoring. We have updated our planning risk assessment to take account of this. Our updated risk assessment is set out in the table on the next page

In undertaking our work for 2023/24 we noted the Force was not discharged from the 'Engage' phase until May 2024. Whilst we noted the improvements made during the 2023/24 year which enabled the Force to ultimately be discharged from Engage in May 2024, the significant weakness continued to be present for at least part of the 2023/24 period.

On 21 May 2024 the Force was discharged from the 'Engage' phase by HMICFRS as a result of the improvement in the areas of concern which were identified by HMICFRS. However, due to the fact that the Force was in the 'Engage' phase throughout 2023/24 and up to March 2024, this is indicative of a significant weakness in the relevant underlying arrangements for 2023/24.

Value for money: updated risk assessment

The predecessor auditor has reported proposed significant weaknesses as follows, together with the associated key recommendations.

Criteria	Significant weaknesses reported 2022/23	Key recommendations made by prior year auditor	Other observations
Financial sustainability	No significant weaknesses identified	No significant risks identified	No significant risks identified
Governance	Following the PEEL(Police effectiveness, efficiency and legitimacy) inspection for 2021/22 cycle by HMICFRS, Staffordshire Police has been placed into the 'engage' phase of monitoring. HMICFRS acknowledged that progress was being made in addressing the findings however some of the improvements were small. Given the risk in these cases, further improvements are needed and as such, Staffordshire Police remained in the engage phase of their monitoring process throughout 2022/23 and through to March 2024. This is indicative of a significant weakness in the relevant underlying arrangements.	As the Force has now been discharged from the 'Engage' phase, no key recommendations were raised by the predecessor auditor in respect of these significant weaknesses.	<p>The predecessor auditor reported, <i>"We note that as of 21 May 2024, the Force was discharged from the 'Engage' phase by HMICFRS as a result of the improvement in the areas of concern which were identified by HMICFRS. However, due to the fact that the Force was in the 'Engage' phase throughout 2022/23 and up to March 2024, this is indicative of a significant weakness in the relevant underlying arrangements for 2022/23."</i></p> <p>As noted above, the Force was not discharged from the 'Engage' phase until May 2024. There is therefore a presumption that the significant weaknesses continued to be present for at least part of the 2023/24 period.</p>
Improving economy, efficiency and effectiveness:	Following the PEEL(Police effectiveness, efficiency and legitimacy) inspection for 2021/22 cycle by HMICFRS, Staffordshire Police has been placed into the 'engage' phase of monitoring. HMICFRS acknowledged that progress was being made in addressing the findings however some of the improvements were small. Given the risk in these cases, further improvements are needed and as such, Staffordshire Police remained in the engage phase of their monitoring process throughout 2022/23 and through to March 2024. This is indicative of a significant weakness in the relevant underlying arrangements.		

Value for money 2023/24 outcome

Reporting criteria	Initial planning – risk of significant weakness identified?	Updated 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	TBC in AAR
Governance How the body ensures it makes informed decisions and properly manages risk	TBC	Yes	Yes	No Improvements made through 2023/24 enabled the Force to be released from the Engage phase in May 2024.	TBC in AAR
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	TBC	Yes	Yes	No Improvements made through 2023/24 enabled the Force to be released from the Engage phase in May 2024.	TBC in AAR

We are in the process of finalising our work on your arrangements for value for money in respect of 2023/24. We are satisfied no other significant weaknesses were present in the arrangements for 2023/24. We will report our detailed findings in our Auditor's Annual Report.

Independence and ethics

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements. In addition, we have complied with the National Audit Office's Auditor Guidance Note 01, which sets out supplementary guidance on ethical requirements for auditors of public sector bodies.

In particular:

- **Non-audit services:** No non-audit services were provided
- **Contingent fees:** No contingent fee arrangements are in place for any services provided
- **Gifts and hospitality:** We have not identified any gifts or hospitality provided to, or received from, any member of the PFCC and Chief Constable, senior management or staff
- **Relationships:** We have no other relationships with the PFCC and Chief Constable, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

Appendices

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Internal control recommendations

The matters reported here are limited to issues we have identified during the course of our audit which we feel are of sufficient importance to merit reporting to you under the auditing standards.

Assessment	Issue	Recommendation	Management response
Amber	Active Directorate – User Access Most members of the GG-AdminLevelPW group have duplicate accounts as the organisation is transitioning to Group Managed Service Accounts (gMSAs), this presents a potential risk as it is difficult to manage the permissions of these user accounts. Risk Excessive privileges/administrator rights increases the likelihood that IT general controls can be changed, suppressed or circumvented thus reducing the consistency of the control operation (this access could be to data files, database tables, configuration, job schedules, batch routines and/or system generated reports.	To mitigate this risk, we recommend that the duplicate administrator accounts within the system are removed and that all accounts are reviewed to ensure that the access levels are appropriate for each user.	Agreed and management further indicated they now mitigated with regular reports of dormant accounts sent automatically to InfoSec. There is also a process in place whereby the InfoSec can ask for dormant account removal via the IT SD.
Amber	Finance – Periodic Review of user access We were informed user access reviews are not conducted. Risk A lack of periodic review of user access could result in inappropriate, excessive or unauthorised access being available to users/leavers.	We recommend that user access reviews are carried out annually and that these reviews are documented.	Agreed Management confirmed with auditors that monthly checks are done to deactivate leavers, while an automated process is pending IT support.
Amber	Finance – Third Party Access Within the user list there is a Capita admin account and 3 additional supplier accounts, these accounts can be accessed without the finance team being notified. Risk Access to systems relevant to financial reporting processes is not attributable to individual users, thus reducing the ability to monitor appropriate and/or inappropriate activities in the system.	We recommend that privileged permissions within the finance system are restricted to the finance team only.	Agreed

Key: **Significant deficiency** in internal control **Other deficiency** in internal control **Other observations**

Internal control recommendations

Assessment	Issue	Recommendation	Management response
Amber	<p>Finance – User access Privileges Finance team have system administrator access</p> <p>Risk Inappropriate access to develop and to deploy changes increases the likelihood of any change management process being circumvented resulting in unauthorised changes being deployed to the production environment.</p>	We recommend that a system administrator from outside the finance team is assigned to alter user permissions within the system.	System access is restricted to Police and Fire networks, minimising unauthorised access risks. Administrator access is monitored daily, and a manual review is in place, with the audit finding now mitigated.
Amber	<p>Cyber Security inclusion in Corporate Risk Register Staffordshire and PFCC and Chief Constable maintains an up-to-date risk management framework which sets out how all risks within the organisation will be managed. This framework does not set out specific requirements for the review of risks, noting that they should be reviewed regularly rather than specifying a minimum cadence for this. This is reflected in the SWG Risk Register, in which risks have not been assigned a next review date and highly rated risks have not been recently reviewed.</p> <p>Further, as a Strategic Risk Register could not be provided for review, it is unclear if those processes set out within the Risk and Issue Management Framework and Process are operating successfully in practice. Notably, we cannot confirm that requirements for escalation of risks have been suitably implemented.</p>	Staffordshire and PFCC and Chief Constable should update risk management processes to indicate the minimum requirements for review of risks, mandating a regular review cycle on at least a quarterly basis. Risks on all risk registers should be subject to this regular review, with escalation carried out where required and inactive risks documented as such.	Agreed

Internal control recommendations

Assessment	Issue	Recommendation	Management response
Amber	Risk-based cyber security programme/strategy PFCC and Chief Constable does not maintain an internal strategy or action plan which is aligned to the requirements set out in the SyAP Manual. Key actions to be taken to address specific risks are documented within the Security Working Group Risk Register. While this places focus on those actions to be taken to mitigate existing risks, a lack of strategy or wider action plan means the Force does not maintain a formal, risk-based approach to improving cyber security controls.	PFCC and Chief Constable should introduce a strategy, action plan or equivalent which is aligned to the SyAP Manual and sets out the organisation's risk-based approach to not only mitigating cyber security risks but also improving cyber security measures. Action planning should include the assignment of appropriate due dates and owners with responsibility for implementation and ongoing monitoring.	Agreed
Amber	Regular risk assessments of cyber threats related to outsourcing PFCC and Chief Constable utilises suitable procurement frameworks which set baseline requirements for security assessment of third-party providers. The Force does not currently review suppliers on an annual/regular basis however, they plan to address this at a later date.	PFCC and Chief Constable should implement a process by which suppliers and third-parties are subject to risk assessment not only at initial procurement but periodically throughout their contract/partnership. The frequency of risk assessments should be based on the criticality of the supplier to the organisation. Risk assessments should be based on a pre-defined set of requirements set by the Force to form a baseline maturity which third-parties must meet.	Agreed
Amber	Roles and responsibilities for cyber security PFCC and Chief Constable has not formally documented the key roles and responsibilities for cyber security at either an operational or management level.	PFCC and Chief Constable should ensure that key cyber security roles at all levels are documented within policy, alongside their associated responsibilities. This should include the responsibilities of all staff and executive management, as well as those in named cyber security roles (e.g., SIRO)	Agreed

Internal control recommendations

Assessment	Issue	Recommendation	Management response
Amber	Cyber Security Policies and Training PFCC and Chief Constable has not defined requirements for training within policy, and no regular, mandatory cyber security training currently exists. Elective training is in place, undertaken by those volunteering to become Cyber Champions within their respective areas.	PFCC and Chief Constable should implement mandatory cyber security training to be undertaken at induction and annually thereafter. Cyber security training should be regularly reviewed and updated to reflect both the Force's threat landscape and changes in cyber security best practice. Compliance with mandatory training should be monitored, with reporting to suitable governance groups. Non-compliance with training should be subject to a formalised escalation procedure.	Agreed
Amber	Cyber incident response plan, updates and testing PFCC and Chief Constable is in the process of drafting and implementing a Cyber Response Plan, Incident Response Plan and Playbooks to support their cyber incident response. At present, the Force does not regularly undertake testing of their cyber incident response planning and any localised activities have not been formally documented.	PFCC and Chief Constable should prioritise the creation and implementation of the Cyber Response Plan, Incident Response Plan and Playbooks. All cyber incident response planning should be subject to regular testing to assess the effectiveness of response and recovery plans. Tests should encompass formats such as desktop scenarios and simulations. Testing should be documented, with lessons learned activities performed and	Agreed and management further indicated that now they have a published Cyber Response Plan and playbooks. They conducted their first tabletop exercise.
Amber	Internal Audit Findings implementation Two of these findings recommended actions were due to be completed by March 2024, with the remaining recommendations due for completion by August 2024. The two recommendations due for completion have not yet been completed, with progress on-going. If actions agreed to within internal audit reports are not carried out within the agreed timeframe, the underlying risks the actions aim to address will not be reduced	We recommend that ongoing efforts to complete actions agreed to are reviewed by the project board with any escalations required carried out where necessary.	Agreed and also stated these findings have now been mitigated in the latest key financial control audit

Internal control recommendations

Assessment	Issue	Recommendation	Management response
Amber	Review success criteria and KPIs While benefits had been detailed within the business case and success criteria were listed against each business objective within the PID we were informed that no benefits realisation tracking had been undertaken.	We recommend that a benefits realisation tracker is created, with a named individual responsible for the tracking of benefits, and reviewed on a regular basis by the project board.	Agreed and also stated the Integra project is still in progress and will form part of the project closure business case.
	Risk If benefits from the project are not tracked, the success of the project may not be possible to discern with necessary arrangements not made to ensure the aims of the project are met.		
Amber	Review the project RAID Log The RAID log includes a number of risks that are still listed as open and have review dates listed as 2023. From further discussion with the Project Manager, while the project has moved on from it's initial phase, the risk register has not been updated accordingly. Additionally, within in the project board meeting minutes, risks and issues have only been specifically discussed within 2 of the 4 meeting minutes we were provided with, meaning risk discussion is not consistent.	We recommend that the risk log is updated on a regular basis, with risks discussed by the project board on a regular basis.	Agreed and also stated they used resources they had to get both systems up by the required dates. The RAID has now been updated, and this work was just reviewing and closing items.
	Risk If risks are not adequately tracked and regular oversight provided over these risks, the project may face serious issues such as overspend, delays and a lack of resources for completion.		

Appendix II: Fees

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

The proposed fee reported in our audit plan was based upon the following assumptions:

- Draft financial statements to be produced to a good quality by the agreed deadlines. These should be complete including all notes, the Narrative Report and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays;
- Our accounts opinion being unqualified and there being no significant weaknesses identified in your arrangements to secure value for money;
- The auditor's report from the prior year being unmodified (clean opinion);
- An effective control environment is in place at the PFCC and Chief Constable;
- The PFCC and Chief Constable complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See [Statement of responsibilities of auditors and audited bodies from 2023/24 audits – PSAA](#). In particular the PFCC and Chief Constable should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full in Appendix III.

Due to the disclaimed opinions from the prior years and the imposition of the statutory backstop for 2023/24, the above assumptions are unable to be met. This has resulted in additional costs, which we have set out in the fee table on the next page. As set out in the joint statement on proposals to clear the backlog and embed timely audit issued by MHCLG (formerly DLUHC), PSAA will use its fee variation process to determine the final fee the PFCC and Chief Constable have to pay for the 2023/24 audit.

Appendix II: Fees

Audit fee	PFCC 2023/24 £	Chief Constable 2023/24 £
Scale fee for the audit of the PFCC and Chief Constable (and Group's) financial statements (as set out in the fee scales issued by PSAA)	93,959	46,109
New auditing standards: ISA315 and ISA240	14,094	6,916
Transfer of data to new financial ledger	7,000	11,500
Total before impact of disclaimed opinions (note 1)	115,053	64,525
Additional work arising from current and prior year disclaimers of opinion (note 2)	7,500	7,500
Additional work in respect of future 'build back' activity (note 3)	0	0
Total audit fee	122,553	72,025

Note 1: The fees in the accounts are £115k for the PFCC and £65k for the Chief Constable. These reconcile with the fees reported here.

Note 2: this includes additional work required to consider the disclaimed audits from prior years, development of revised approach for the PFCC and Chief Constable in response to the missing assurance, the production, agreement and reporting of additional interim progress reports to management, ETAP, the PFCC and the Chief Constable, the development and reporting of a revised 'Audit Completion Report' for reporting the additional considerations arising from the disclaimers, the drafting of a disclaimed audit report and the various risk, compliance and technical consultations arising as a result of this unique and unprecedented situation.

Note 3: work undertaken during this audit under the scale fee will also be useable in respect of future build back activity. However, to avoid double counting, we have not raised a separate fee for 2023/24 in respect of work undertaken in good faith in 2023/24 that can now be accreted to future years. All fees are subject to PSAA determination.

Appendix III: PSAA Statement of Responsibilities

Our fee is based on the assumption that the PFCC and Chief Constable complies with PSAA's Statement of Responsibilities of auditors and audited bodies from 2023/24 audits. In particular the PFCC and Chief Constable should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- assign responsibilities clearly to staff with the appropriate expertise and experience;*
- provide necessary resources to enable delivery of the plan;*
- maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.



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