



Thames Valley Police

**Auditor's Annual Report
Year ended 31 March 2021**

December 2021



EY

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the JIAC and management of the PCC and CC in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the JIAC and management of the PCC and CC those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the JIAC and management of the PCC and CC for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Section 1

Executive Summary

Executive Summary: Key conclusions from our 2020/21 audit

Area of work	Conclusion
Opinion on the Authority's:	
Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Police and Crime Commissioner for Thames Valley (PCC) and Group and the Chief Constable (CC) as at 31 March 2021 and of its expenditure and income for the year then ended. The financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. We issued our auditor's report on 18 October 2021.
Going concern	We have concluded that the Chief Financial Officer and Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of other information published with the financial statements	Financial information published with the financial statements was consistent with the audited accounts.

Area of work	Conclusion
Reports by exception:	
Value for money (VFM)	We had no matters to report by exception on the PCC and CC's VFM arrangements. We have included our VFM commentary in Section 04.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the PCC and CC.
Public interest report and other auditor powers	We had no reason to use our auditor powers.

Executive Summary: Key conclusions from our 2020/21 audit

As a result of the work we carried out we have also:

Outcomes	Conclusion
Issued a report to those charged with governance of the Authority communicating significant findings resulting from our audit.	We issued an Audit Results Report dated 14 October 2021 to the JIAC.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2020 Code of Audit Practice.	We have not yet issued our certificate for 2020/21 as we have not yet performed the procedures required by the National Audit Office on the Whole of Government Accounts submission. The guidance for 2020/21 is delayed and has not yet been issued.

Fees

We carried out our audit of the financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated April 2018)". As outlined in the Audit Results Report we were required to carry out additional audit procedures to address audit risks in relation to the value for money additional procedures, the going concern assessment and disclosures, EY internal consultation on the audit report, revised auditing standard for estimates and accounting for Covid-19 related grants. As a result, we have agreed an associated additional fee with the Chief Finance Officer and Director of Finance. We include details of the final audit fees in Appendix 1.

We would like to take this opportunity to thank the PCC and CC staff for their assistance during the course of our work.

Andrew Brittain

Associate Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and responsibilities



Purpose and responsibilities

This report summarises our audit work on the 2020/21 financial statements.

Purpose

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 VFM arrangements, which aims to draw to the attention of the PCC, CC or the wider public relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2020/21 audit work in accordance with the Audit Plan that we issued on 8 March 2021. We have complied with the NAO's 2020 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the NAO.

As auditors we are responsible for:

Expressing an opinion on:

- The 2020/21 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the annual report.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the PCC and CC;
- If we identify a significant weakness in the PCC and CC's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

Responsibilities of the Authority

The PCC and CC is responsible for preparing and publishing its financial statements and governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit



Financial Statement Audit

We have issued an unqualified audit opinion on the PCC and Group and CC's 2020/21 financial statements.

Key issues

The Statement of Accounts is an important tool for the PCC and CC to show how it has used public money and how it can demonstrate its financial management and financial health.

On 18 October 2021, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 22 September JIAC meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

Significant risk	Conclusion
Misstatements due to fraud or error - management override of controls An ever present risk that management is in a unique position to commit fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	We have not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied or management bias. We did not identify any other transactions during our audit which appeared unusual or outside the normal course of business.
Inappropriate capitalisation of expenditure Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have identified an opportunity and incentive to capitalise expenditure under the accounting framework to remove it from the general fund.	In our testing of capital additions we have not identified any instances where expenditure had been inappropriately capitalised.

Continued over.

Financial Statement Audit (continued)

In addition to the significant risks above, we also concluded on the following areas of audit focus.

Other area of audit focus	Conclusion
Valuation of land and buildings Land and buildings is the most significant balance in the Authority's balance sheet. The valuation of land and buildings is complex and is subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.	<p>We noted that in the valuers report, the next planned valuation date/year for some assets was in the past, ie. it had not been updated from when they were fully revalued in previous years. In addition, valuations were originally carried out on the basis of 20% a year. However, as some of the population has been sold, this has meant the percentage valued by the valuer each year has varied on a year by year basis.</p> <p>We would recommend the valuers report is correctly updated and the inspection schedule is recalibrated to 20% a year again. Traffic bases are not currently valued consistently. We would recommend a consistent approach is adopted for the valuation of traffic bases.</p> <p>Overall we are satisfied that the value of land and buildings is materially correct.</p>
Pension Liability valuation The Pension Fund liability is a material balance in the Balance Sheet. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.	<p>We note that the our EY Pensions review of the Government Actuary Department (GAD) and their work on the Police Pension Fund highlighted that GAD's CPI inflation assumption is overly optimistic and the methodology used to derive the assumption is not robust and it is inconsistent with the accounting standard. Whilst this does not currently materially impact scheme liabilities, in their view, in future years it could lead to assumptions outside their acceptable range.</p> <p>Following completion of our work on both the Police Pension Fund and the Local Government Pension Scheme (LGPS), the net liability was amended by £10.088 million, as there was a material increase on the LGPS between the estimated asset values used in the initial report received from Barnett Waddingham (actuary for the LGPS) and the final asset values at 31 March 2021. As a result, the actuary provided an updated IAS19 report which resulted in a £10.088 million decrease in the pension schemes net liability.</p> <p>We undertook additional procedures in response to the revised requirements of ISA 540 and confirmed there was no material misstatement arising from those estimation procedures undertaken by the actuary.</p>

Continued over.

Financial Statement Audit (continued)

Other area of audit focus	Conclusion
Going concern disclosures The Authority is required to carry out an assessment of its ability to continue as a going concern for the foreseeable future, being at least 12 months after the date of the approval of the financial statements. There is a risk that the Authority's financial statements do not adequately disclose the assessment made, the assumptions used and the relevant risks and challenges that have impacted the going concern period.	We are satisfied that management have carried out a reasonable going concern assessment and made an appropriate disclosure in the accounts.
Accounting for Covid-19 related grant funding The Authority received government funding in relation to Covid-19. Whilst there is no change in the CIPFA Code or accounting standard (IFRS 15) in respect of accounting for grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Authority will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment in 2020/21.	We are satisfied that management have accounted for Covid-19 related government grants correctly for 2020/21.
Accounting for personal, protective equipment (PPE) During 2020/21, TVP has obtained significant levels of PPE from different sources including from the Home Office, DHSC and direct procurement. Although TVP has been reimbursed in full for the PPE that they have purchased on behalf of other forces, there is some uncertainty over how PPE should be accounted for in year as well as at the year end.	We are satisfied that management have accounting for the personal, protective equipment correctly, in accordance with the CIPFA Code of Practice.

Financial Statement Audit (continued)

Audit differences

We identified a small number of misstatements in disclosures which management corrected. There were no material uncorrected misstatements.

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £12.6 million for the PCC Group; £7 million for the PCC Single Entity; and £12.2 million for the CC Single Entity as 1.8% of gross revenue expenditure for the CC and 1.8% of gross assets for the PCC, reported in the accounts. We consider gross revenue expenditure for the CC and gross assets for the PCC to be the principal considerations for stakeholders in assessing the financial performance of the Authority.
Reporting threshold	We agreed with the JIAC that we would report to the Committee all audit differences in excess of £610k for the CC and £350k for the PCC.

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Cash/bank balance: We audited all disclosures and undertook procedures to confirm material completeness
- ▶ Related party transactions. We audited all disclosures and undertook procedures to confirm material completeness.
- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits.

A photograph of two business professionals in a cafe setting. A man in a dark suit and tie is seated at a dark table, looking down at a document and writing with a pen. A woman, partially visible on the left, is using a laptop. A smartphone lies on the table next to the document. The background shows a blurred cafe interior with arched windows and other patrons.

Section 4

Value for Money

Value for Money (VFM)

We did not identify any risks of significant weaknesses in the Authority's VFM arrangements for 2020/21.

Scope and risks

We have complied with the NAO's 2020 Code and the NAO's Auditor Guidance Note in respect of VFM. We presented our VFM risk assessment to the JIAC on 29 June 2021 which was based on a combination of our cumulative audit knowledge and experience, our review of Authority and committee reports, meetings with the Director of Finance and Chief Finance Officer and evaluation of associated documentation through our regular engagement with management and the finance team. We reported that we have identified a risks of significant weakness in the Authority's VFM arrangements in relation to:

- Financial sustainability – how the Authority plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Authority ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.

We had no matters to report by exception in the audit report.

Reporting

We completed our planned VFM arrangements work on 29 July 2021 and we identified a risk of a significant weakness in the PCC and CC's VFM arrangements. On review, no issues were identified and we had no matters to report by exception in the audit certificate.

Our VFM commentary highlights relevant issues for the Authority and the wider public.

VFM Commentary

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

- Financial sustainability
How the Authority plans and manages its resources to ensure it can continue to deliver its services;
 - Governance
How the Authority ensures that it makes informed decisions and properly manages its risks; and
 - Improving economy, efficiency and effectiveness:
How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.
-

Introduction and context

The 2020 Code confirms that the focus of our work should be on the arrangements that the audited body is expected to have in place, based on the relevant governance framework for the type of public sector body being audited, together with any other relevant guidance or requirements. Audited bodies are required to maintain a system of internal control that secures value for money from the funds available to them whilst supporting the achievement of their policies, aims and objectives. They are required to comment on the operation of their governance framework during the reporting period, including arrangements for securing value for money from their use of resources, in a governance statement.

We have previously reported the VFM work we have undertaken during the year including our risk assessment. The commentary below aims to provide a clear narrative that explains our judgements in relation to our findings and any associated local context.

The Authority has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

For 2020/21, the significant impact that the Covid-19 pandemic has had on the Authority has shaped decisions made, how services have been delivered and financial plans have necessarily had to be reconsidered and revised.

We have reflected these national and local contexts in our VFM commentary. The VFM commentary addresses the VFM arrangements for both the Officer of the Police and Crime Commissioner (OPCC) and the Chief Constable (CC) unless there are arrangements that are specific to that entity. For the purposes of the commentary we use the term 'Authority' to represent both the Police and Crime Commissioner (PCC) and CC as entities.

Financial sustainability

For 2020/21 the Authority has had the expected arrangements in place to plan and manage its resources to ensure it can continue to deliver services

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

All financial pressures, commitments and liabilities are taken into account in the Medium-Term Financial Plan (MTFP) and annual budget. Budgeting is an incremental process which starts with the approved annual budget for the current financial year. Inflation is added to each line using appropriate pay and prices indices. Growth bids, which are necessary to meet increased demand, legal obligations or new priorities are co-ordinated by the finance department and prioritised by the Chief Constable's Management Team (CCMT) before being presented to the PCC. CCMT review the content of the proposed budget on a number of occasions before recommending the agreed MTFP to the PCC. Risks and assumptions are initially identified by the Director of Finance with scrutiny from the Chief Finance Officer, CCMT and the PCC and are clearly stated in the MTFP which is updated annually and approved by the PCC and the Police and Crime Panel.

Financial sustainability (continued)

How the body plans to bridge its funding gaps and identifies achievable savings

The Authority has a Productivity Strategy that has identified and removed over £100m of cash savings from the annual base budget since 2010/11 following the implementation of the Government's austerity agenda. The Productivity Strategy is driven by the Deputy Chief Constable (DCC) and has set a challenging, but considered achievable target to identify, through the Efficiency and Effectiveness Programme, over £13m of new cash savings over the 3 years 2022/23 to 2024/25.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Authority has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

The Annual Financial Strategy provides high level information on how services will be funded. This is a joint exercise between the Director of Finance (DOF) and the Chief Finance Officer (CFO). Typically, the CFO produces the initial draft which the DOF reviews and updates as appropriate. This brings together their joint knowledge of the Police service and various external and internal factors. The Annual Financial Strategy sets out how Thames Valley Police (the PCC and the Authority) will structure and manage its finances to support the delivery of the aims and objectives of the service, as set out in the Police and Criminal Plan, and to ensure sound financial management and good stewardship of public money. The newly elected PCC will publish his new Police and Criminal Justice Plan in June and the next iteration of the MTFP and annual budget will explain how these objectives can be funded.

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

During the drafting and preparation stage, financial plans are co-ordinated through the Chief Constable's Management Team (CCMT). When working in partnership with other forces, joint plans and budgets are developed and dovetailed into the force planning process. In January, the draft budget is presented to the PCC alongside all relevant plans and strategies.

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

The MTFP and budget report includes a section on risks and uncertainties, including sensitivity analysis for key assumptions. The key assumptions are the key factors that impact on the budget e.g. pay and price rises, grant and precept increases. These are agreed at the start of the planning process based on staff knowledge acquired from their involvement in national groups and the general financial performance of the economy. The Authority also produces and publishes a separate, but linked, report on reserves, balances and provisions which reconciles with expenditure commitments in the MTFP and Medium-Term Capital Plan (MTCP).

Governance

For 2020/21 the Authority had the expected arrangements in place to ensure that it made informed decisions and properly managed its risks

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Authority has a joint internal audit team that has a comprehensive risk based annual audit plan. The Chief Internal auditor provides regular updates to the Joint Independent Audit Committee (JIAC) and his annual audit opinion is incorporated within the Annual Governance Statement (AGS). The Authority has an anti-fraud, bribery and corruption policy that is monitored by the Professional Standards Department who provide regular updates to both JIAC and the Professional and Ethical Standards Panel. The CC also has a Strategic Risk register which is reviewed by CCMT bi-monthly and the OPCC's risk register is reviewed by the PCC. Both reports are reviewed by JIAC.

How the body approaches and carries out its annual budget setting process

The Authority has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

Budgeting is an incremental process which starts with the approved annual budget for the current financial year. Inflation is added to each line using appropriate pay and prices indices. Growth bids, which are necessary to meet increased demand, legal obligations or new priorities are co-ordinated by the Finance department and prioritised by CCMT before being presented to the PCC. CCMT review the content of the proposed budget on a number of occasions before recommending the agreed MTFP to the PCC. Cash savings are identified through the Productivity Strategy process referred to above. The PCC determines the level of council tax increase in accordance with Government guidelines. The draft budget and MTFP is presented to the PCC in November. The final budget is presented to the PCC in January, following receipt of the provisional police grant settlement. The PCC presents his budget and council tax proposals to the Police and Crime Panel in late January.

Governance (continued)

How the body 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.

CCMT is provided with a monthly monitoring report which highlights emerging risks and issues. The Authority takes the action it identifies as necessary on these and takes into account the outcome of the bi-monthly performance groups. Formal budget monitoring reports are presented to the PCC at his quarterly public Level 1 meetings. These financial monitoring reports are considered alongside regular monitoring reports on the strategic delivery plan ensuring that financial and non-financial information are considered alongside each other. The OPCC works closely with the Force Finance Department to ensure that all statutory financial returns are completed and submitted on a timely basis.

How the body 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.

The PCC has published his decision-making policy. Budget monitoring reports are presented to both CCMT and the PCC's public Level 1 meetings. All agenda items and minutes are published on the PCC's website. Decisions taken at CCMT are minuted. Formal PCC decision reports (e.g. contracts and tenders) are published on the PCC's website.

How the body 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).

The Professional Standards Department monitors compliance with relevant professional standards, with appropriate oversight from the Professional and ethical Standards Panel and this covers both officers and members.

The Authority has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

Improving economy, efficiency and effectiveness

For 2020/21 the Authority has had the expected arrangements in place for using information about its costs and performance to improve the way it manages and delivers services

How financial and performance information has been used to assess performance to identify areas for improvement.

As part of the Efficiency and Effectiveness review the Authority has used Home Office VFM data to identify those services whose performance appears is out of line in comparison to other forces and Most Similar Force (MSF) data. These outliers are used as an indication that there might be room for improvement and hence further investigation.

The Authority manages and monitors performance at various levels within the organisation. At the highest level CCMT reviews performance and considers recommendations for improvements. This will include the outcome of local and national HMIC reports as well as information from Performance Group and the DCC audits as well as internal reviews.

The Authority has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

How the body evaluates the services it provides to assess performance and identify areas for improvement

A Performance Group is held quarterly and is chaired by the CC. This compares performance across the force with national and the Authority's MSF data on various performance indicators. In addition, Service Improvement Reviews are carried out by the DCC, this framework covers Local Police Areas (LPAs) and Departments.

Improving economy, efficiency and effectiveness (continued)

How the body 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

The Authority delivers a number of services in collaboration with Hampshire Police (ICT, Information Management, Joint Operations) and these are overseen at operational level by the DCC Board. The DCC Board comprises the two Deputy Chief Constables in Thames Valley and Hampshire. Formal scrutiny by the PCC and CC is undertaken at the Bilateral governance board. The Bilateral governance board comprises the PCCs and CCs from Thames Valley and Hampshire with support from their respective DCCs, Chief Executives and other senior offices from both forces as required. The South East (SE) collaboration Board meets quarterly to scrutinise those services delivered at regional level (Regional Organised Crime Unit - ROCU, Counter Terrorism Policing South East - CTPSE). The SE Collaboration Board comprises the PCCs and CCs from Thames Valley, Hampshire, Surrey, Sussex, and Kent with appropriate support from other senior officers as required. Thames Valley also leads the Chiltern Transport Consortium (CTC) which provides a fleet management service for a number of regional and national police organisations. The CTC board meets twice yearly, with operational activity monitored by fleet managers and operational users. The PCC engages with local authorities to delivery his community safety priorities and works with other partners through the Local Criminal Justice Board to reduce crime and reoffending.

At all governance boards relevant heads of service (e.g. ROCU) are held to account for delivery by both the PCC and CC. Each group will receive performance data, information on risks and issues with recommendations for change improvement, appropriate to the collaboration.

The Authority has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Improving economy, efficiency and effectiveness (continued)

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.

The Commercial Governance Board, chaired by the Director of Finance and attended by the PCC CFO, reviews all upcoming contracts and tenders and approves the Procurement Launch Document which sets out the most appropriate route to market for each individual procurement. Following the receipt of tenders, contracts are approved by the Director of Finance and CFO (depending on value), with those contracts over £1m also requiring approval from the PCC. The Authority aims to embed value for money (VFM) in all procurement documents and all procurement staff are fully informed with the need to demonstrate VFM through tenders and contracts. Contract management processes are used to ensure that expected benefits are realised through service delivery. This means qualified procurement staff work closely with business leads to manage all significant contracts to ensure that they deliver the services and benefits that the Authority has procured. Each contract is risk assessed to determine the extent of contract management required for example a national contract for the purchase of stationery requires a low level of management whereas the contract for Health Care services requires a higher level.

The Authority has no agreed recommendations.

Recommendations

As a result of the VFM procedures we have carried out we have no recommendations with the Authority.

The Authority faces further challenge and change beyond 2021 which will form part of our 2021/22 VFM arrangements work.

Forward look

Looking forward to 2022 and beyond, the Authority faces further challenges as it tries to meet its service requirements whilst its funding is not certain.

A blurred background image of a business meeting. Several people in professional attire are gathered around a wooden conference table. A woman with blonde hair is in the foreground, looking intently at a document on the table. Other people's hands and arms are visible, some resting on the table. The scene is brightly lit, suggesting a modern office environment.

Section 5

Other Reporting Issues

Other Reporting Issues

Governance Statement

We are required to consider the completeness of disclosures in the Authority's governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with relevant guidance.

We completed this work and did not identify any areas of concern.

Whole of Government Accounts

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts consolidation pack submission. The guidance for 2020/21 is yet to be issued. We will liaise with the Authority to complete this work as required.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Authority or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Other powers and duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Other Reporting Issues (cont'd)

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the JIAC.

We considered whether circumstances arising from COVID-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely. We identified no issues which we wish to bring to your attention.

Appendix A

Audit Fees



Audit Fees

Our fee for 2020/21 is in line with the audit fee previously reported in our Audit Results Report.

Description	Final Fee 2020/21 £	Planned Fee 2020/21 £	Final Fee 2019/20 £
Total Audit Fee – Code work	78,552	78,552	61,146
Additional Fees:			
- Additional work on land & buildings	-	TBC	-
- VFM additional procedures	10,346	TBC	4,004
- Going concern assessment & disclosure	3,858	2,000 – 4,000	5,400
- EY internal consultation on audit report	2,364	2,000 – 3,000	
- Revised auditing standard for estimates	4,578	TBC	-
- Accounting for C-19 related grants	1,703	TBC	-
Non-audit work	-	-	-
Total	101,401	TBC	70,520

For 2020/21 the scale fee has been re-assessed to take into account a number of risk factors which includes procedures performed to address the risk profile of the PCC and CC and additional work to address increase in regulation impacting the audit environment. The additional fee for 2020/21 has been discussed with management and remains subject to approval by PSAA Ltd.

We confirm we have not undertaken any non-audit work.

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