The Joint Audit Findings for West Midlands Police and Crime Commissioner and the Chief Constable of West Midlands Police

25 November 2024

(update to interim findings issued in August 2024)

Year ended 31 March 2024

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25 November 2024

Joint Audit Findings for West Midlands Police and Crime Commissioner and the Chief Constable of West Midlands Police for the year ended 31 March 2024

This Joint Audit Findings presents the observations arising from the audits that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, 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 has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2023.pdf (grantthornton.co.uk).

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

Laurelin Griffiths

Director
For Grant Thornton UK LLP

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This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management, the PCC and Chief Constable as those charged with governance, and the Joint Audit Committee.

Laurelin Griffiths
For Grant Thornton UK LLP
25 November 2024

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the PCC and Chief Constable or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of West Midlands Police and Crime Commissioner ('the PCC') and the Chief Constable of West Midlands Police and the preparation of the PCC's and Chief Constable's financial statements for the year ended 31 March 2024 for those charged with governance.

Financial Statements	
Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the financial statements: • give a true and fair view of the financial positions of the PCC's and Chief Constable's income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. We are also required to report whether other information published together with each set of audited financial statements (including the Annual Governance Statements (AGS) and Narrative Reports) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.	Our audit is not yet fully complete as we have yet to receive assurance from the pension fund auditor on the local government pension liability. We are unable to complete our work until these assurances are received and any additional work suggested is complete. Some amendments have been made to the accounts and disclosures, resulting in a £1.1m reduction in general fund balances. The main amendments were: • The draft accounts recognised a redundancy provision within the PCC accounts, and we agreed with management that this would be more properly reflected in the CC accounts as it related to CC staff. We are currently discussing with management whether there was a present obligation at the year end and thus whether the provision has been recognised too early in the 2023/24 accounts. This relates to a £4m provision. • Other adjustment to the accounts related to the accounting treatment for the legal compensation provision. Management has agreed to adjustments which have impacted on the general fund balances, reducing the general fund balance carried forward by £1.1m. • There was an audit adjustment to property valuations because a transposition error was made in the valuer workings, identified in our testing, of £6.3m. This has impacted on the net cost of general fund services but is adjusted through the MIRS so there is no impact on general fund balances. There are currently no matters of which we are aware that would require modification of our audit opinion for either the PCC's or Chief Constable's financial statements. We are unable to issue the opinion on the financial statements until after we have reported our findings from our VFM work. The main areas of our opinion work where our work is not yet complete are: • Receipt of, and completion of any additional audit procedures required in relation to, assurances from the auditor of the west midlands pension fund; • Final quality reviews by the Audit Manager and Audit Partner; • Receipt of signed management representation letters; and • Review of the final sets of financial statements. Our anticipated financial statements audit report opinions will be unmodified. Our work on the PCC's and Chief Constable's value for money (VFM) arrangements is not yet complete. The outcome of our VFM work will be reported in our commentary on the PCC's and Chief Constable's arrangements in our Auditor's Annual Report (AAR).

1. Headlines

Value for Money (VFM) arrangements	
Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether in our opinion, both entities have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. Auditors are required to report their commentary on the arrangements under the following specified criteria: - Improving economy, efficiency and effectiveness; - Financial sustainability; and - Governance	Our work is ongoing at the time of drafting this report but is nearing completion. We expect that the draft report will be with management for comment by the date of the JAC and will be reported to the next JAC.
Statutory duties	
The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties. Although we have completed the majority of work on the 2023/24 financial year under the Code, we do not expect to be able to certify the completion of the audits when we give our audit opinions due to changes in the NAO's procedures for the WGA.
Significant matters	We have not encountered any significant difficulties in completion of our work to date.

1. Headlines

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as possible and to address the backlog of unsigned opinions. By the end of May 2024 Grant Thornton had signed 65% of our 2022/23 audits. This compared with 7% for other firms. We are on course to sign 80% before the local authority backstop is introduced for 2022/23. We have also made good progress with our 2023/24 audits and are pleased to present this report to you on a timely basis.

Over the course of the last year, Grant Thornton has been working constructively with MHCLG, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see About time? (grantthornton.co.uk)

We would like to thank everyone at the PCC and Chief Constable for their support in working with us to progress the audit.

Since we issued our draft audit findings report, the accounts and audit regulations 2015 have been updated to reflect the Government's desire to address the audit backlog:

- All outstanding audits up to the year beginning 2022 must be published by 13 December 2024.
- The year ending 2024 and 2025 accounts should be published by 28 February 2025 and 27 February 2026 respectively
- The year ending 2026 accounts should be published by 31 January 2027
- All subsequent accounts will be published by November

On 14 November 2024 the National Audit office has published an updated Code of Audit Practice which sets out the principles under which auditors conduct their work.

The expectation is that from 2024/25 that auditors will issue the Auditors Annual Report by 30 November each year. This includes where the auditor has not yet issued the auditor's report on the financial statements.

2. Financial Statements

Overview of the scope of our audit

This Joint Audit Findings Report presents the observations arising from the audits that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management, the PCC and Chief Constable as those charged with governance, and the Joint Audit Committee.

As auditor we are responsible for performing the audits, in accordance with International Standards on Auditing (UK) and the Code, which are directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the PCC's and Chief Constable's business and is risk based, and in particular included:

- An evaluation of the PCC's and Chief Constable's internal controls environment, including their IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter our audit plan, as communicated to you in March 2024.

Conclusion

Our audit remains ongoing at the time of writing this report, but subject to the completion of our outstanding work, and our outstanding queries being resolved, we anticipate issuing unqualified audit opinions on the financial statements of both the PCC and the Chief Constable.

It is our intention that we will issue the Auditor's Annual Report, which also reflects the VFM work, to the PCC and the CC as soon as possible after the Joint Audit Committee.

The areas of the of the audit that remain ongoing are set out on page 4.

Acknowledgements

We would like to take this opportunity to record our appreciation for the ongoing assistance provided by the finance team and other staff.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan, although the way that these levels have been determined has changed.

We set out in this table our determination of materiality audits.

Our materiality thresholds were set at planning, considering the gross operating costs of each of the group, PCC and the Chief Constable. Whilst we determined separate materiality levels for the group, the PCC and the Chief Constable as part of our considerations, we use the lowest of the three as the basis for our overall financial statements audits.

At planning, the lowest threshold was the PCC's.

Upon receipt of the draft financial statements, we reassessed our materiality.

We determined that it was appropriate to retain a materiality of approximately 1.5% of operating costs, which is the same as that used at planning and in the prior year. Again, we considered the separate materiality levels for the group, the PCC and the Chief Constable.

The lowest threshold based on the draft financial statements was the Chief Constable's, and so that was the materiality that we have applied as the basis of our audit work.

The resulting materiality threshold remains consistent with that determined at planning, at £12.5m.

Materiality for the financial statements	£12.5m	Our materiality thresholds equate to approximately 1.5% of gross operating costs.
Performance materiality	£8.75m	This assessment reflects that the group operates in a stable, publicly funded environment, and no significant control deficiencies have been identified in the prior year or in the course of our audit planning.
Trivial matters	£625k	We report to those charged with governance any misstatements of above this threshold to the extent that these are identified by our audit work.
Materiality for senior officer remuneration	£30k	Reflects the wider public interest in senior officer remuneration.

2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Joint Audit Plan.

Risks identified in our Audit Plan	Relates to	Commentary
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumption that the risk of management over-ride of controls is present in all entities. The PCC and Chief Constable face external scrutiny of their spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, and in particular journals, management estimates, and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement. In 2022/23 we identified an ongoing control deficiency in journals access, which we will take into account in our testing approach.	All	We have: • evaluated the design and implementation of management controls over journals; • analysed the journals listing and determined the criteria for selecting high risk unusual journals; and • selected a sample of journals for testing which include unusual journals made during the year and the accounts production stage for appropriateness and corroboration. • undertaken the detailed testing of the journals selected, per the above; and • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness. Findings: • As in prior years, we noted that there is no formal approval control inbuilt to Fusion. The individuals with the ability to post journals can post the journal straight to the ledger without authorisation being required. • There are no limits to the value of journals that individuals can post, dependent on their job role/department. To post journals that exceed an expected limit (lowest is £250k for CTU), an email is sent to service heads. • There is an individual assigned to look after each department and balance sheet codes. This individual will do a monthly transaction download and is responsible for reviewing the transactions posted to that code to determine whether they are appropriate. As part of our testing strategy, we identified users who were considered to be higher risk – this included two members of the finance team who had privileged access. We consider users with privileged access to be at higher risk of management override of control and thus we extended our testing to cover these users. While the matters above raised the risk and resulted in extended testing, no significant issues were identified in our detailed testing.

Presumed risk of fraud in revenue recognition

Under ISA (UK) 240 there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

At planning we rebutted this presumed risk. Our work to date has not lead us to reconsider this rebuttal, nor were any matters identified in our substantive testing.

Risk of fraud related to expenditure recognition PAF Practice note 10

In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition.

At planning we concluded that there was no significant risk of fraud arising from improper expenditure recognition. We do consider that there is increased risk around completeness of expenditure, and this is reflected in our testing and sample selection. No significant matters have been identified in our work.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of land and buildings The PCC revalues its land and buildings on a five-yearly basis. This valuation represents a significant estimate by management in the financial year. 2023/24 is the first year of the cycle and we expect that there will be a full valuation this year. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£157m at 31 March 2024, per the draft financial statements) and the sensitivity of this estimate to changes in key assumptions. Management will need to ensure that the carrying value in the PCC and group financial statements is not materially different from the current value (or the fair value for surplus assets) at the financial statements date. We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.	PCC & Group	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuer, and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; and • written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met. We have now completed our detailed testing which involved: • challenging the information and assumptions used by the valuer to assess the completeness and consistency with our understanding; • engaging our own valuer to assess the instructions issued by the PCC to their valuer, the scope of the PCC's valuers' work, the PCC's valuers' reports and the assumptions that underpin the valuations; and • testing revaluations made during the year to see if they had been input correctly into the PCC's asset register. Findings: We identified one error in our sampling where the valuer had made a transposition error and this resulted in a £6m understatement of valuation (£28.9m to £35.2m). We determined that this was human error rather than being indicative of a wider issue in the valuer's approach. Management has adjusted the accounts for this error. The valuer, Avison Young (AY), had not previously undertaken a full valuation of the force's asset base. We noted that the approach adopted by AY was different to that adopted by the previous valuer and this resulted in some signficant changes in valuation, particularly in relation to buildings where some buildings are now valued at £nil. We discussed this approach with our own valuer who confirmed that the approach was correct, although counselled that RICS has issued a recent update that suggests that valuers should review the approach going forward as it does not pass the reasonableness test for buildings to have nil value. Management should consider ensuring that the relevant assets are valued in 2024/25 following this RICS update. There is some risk that there could be an impact on depreciation charges going forward, although we believe that the impact is unlikely to be material. We also noted that some of the valuations were based on a spreadsheet of floor areas supplied by the force to the external valuer for gross internal area (GIA). The spreadsheet was prepared several years ago but cannot be linked back to any third party source documentation such as the terms of engagement for the surveyor or any other correspondence. Any known subsequent changes to the property have been taken into account by AY. These measurements are not necessarily consistent with the asset management system as it was judged that the areas on the system were not recorded in the correct manner to be consistent with RICs requirements. As part of our testing we agreed the measurements used by the external valuer to those recorded in the asset management system and did not identify differences that resulted in signficant changes to the valuation. Management should ensure the new valuer is sighted on this matter, to enable them to conclude whether the floor areas are reliable basis for the valuation. There was some delay completing our audit testing due to the time taken for responses from the external valuer. No other signficant matters arose from our testing.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of pension fund net liability The group's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements and is made up of the Local Government Pension Scheme (LGPS) and Police Pension Scheme (PPS). The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£6,107m for the group at 31 March 2024) and sensitivity of the estimate to changes in the key assumptions. We therefore identified valuation of the group's pension fund net liability as a significant risk, which was one of the most significant assessed risk of material misstatement. Given the size of the Chief Constable's and PCC's liabilities respectively, we consider that this significant risk lies in the liability of the Chief Constable only.	Chief Constable & Group	We have: • updated our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluated the instructions issued by management to their management experts (the actuaries for the LGPS and PPS) for this estimate and the scope of the actuaries' work; • assessed the competence, capabilities and objectivity of the actuaries who carried out the group's pension fund valuations; and • assessed the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuaries. • Considered the accuracy and completeness of the information provided by the group to the actuaries to estimate the liabilities; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • sought assurances from the auditor of the West Midlands Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary, and the fund assets valuation in the pension fund's financial statements. We have yet to receive this confirmation. Findings: Subsequent to the receipt of the draft financial statements, an updated LGPS actuarial report was received. Whilst there was no impact on the net liability per the balance sheet, there were changes to some of the IAS 19 disclosures. Management judged that these changes were material and consequently the accounts have been updated to reflect the revised figures. Management has once again considered IFRIC 14 and the impact of the asset ceiling and this is reflected in the accounting. We have considered management's judgements in this regard taking into account the updated guidance we have received. No new issues to report. We recommend that management better document the challenge they have made to the actuary's assumptions prior to adopting the figures in the accounts. Subject to receipt of the assurances from the pension fund auditor, there were no significant matters arising from our work and we have mitigated the assessed signficant risk.

2. Financial Statements: new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
IFRS 16 implementation Following consultation and agreement by FRAB, the Code will provide for authorities to opt to apply IFRS 16 in advance of the revised implementation date of 1 April 2024. In advance of this standard coming into effect, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases, along with the estimated impact of IFRS 16 on the accounts.	Management has provided an estimate of the impact of IFRS16 as £4m long term liability and a right of use asset of £5-6m within note 1 – standards that have been issued by not adopted.	There are supporting working papers to support the estimate, however management has recognised that the estimate is not yet complete as it is missing information on vehicles and other assets such as covert properties which management need to decide the extent of appropriate disclosure. Overall, we are satisfied that management are making appropriate progress on implementing the standard in 2024/25 and that the disclosure in the 2023-24 accounts is reasonable.
Provisions Provisions have increased from £9.8m to £23.3m this year. The main increases are in relation to legal compensation and internal reorganisation.	**Legal compensation**: we challenged management on the basis of the accounting for the provision. The provision is based on information provided by another force and reflects WMP's agreed share. We have been provided with legal documentation to confirm the assumed share of the total costs. The force has received a grant to offset the costs however this is awarded annually and there is no certainty that it will be received in future years.	We judged it was not appropriate to offset the grant for the period of the provision. Management has agreed to adjust for this. This has resulted in the £1m reduction in general fund balances as the provision has now increased.
	Reorganisation: this reflects the calculated redundancy costs associated with the restructure – mainly the POD restructure. We are content that the basis of the calculation provisions is reasonable as it is based on payroll costs, however we are unclear that there was a present obligation at the year end. Management has evidenced that a decision was made before the year end however cannot demonstrate that this was communicated to those affected at that time. We understand that the approach is considered prudent by management, however in our view it does not meet the Code requirements for recognition as a provision in the 2023/24 financial year.	We are currently treating as an unadjusted misstatement of £4.023m in the CC and group accounts.
	Insurance provisions: the working papers to support the year end provisions do not agree to the figures in the accounts and thus we have included a small unadjusted misstatement to reflect the discrepancy.	Unadjusted misstatement of £0.6m overstatement of provision. This is below trivial so is not included in the unadjusted errors.
	One of the insurance provisions is a negative value – we consider that this may be more appropriately treated as a debtor rather than negative provision and have suggested that management reviews this in the subsequent financial year.	Unadjusted misstatement of £1.73m.

2. Financial Statements: new issues and risks (continued)

Issue	Commentary	Auditor view
IT Control deficiencies We undertook a review of the design and implementation review of the IT General Controls (ITGC) for applications identified as relevant to the audit. We issued our final report in October 2024 and our recommendations have been responded to by management. A summary of our findings is within page 17 of this report. We identified one weakness that we considered to be sufficiently signficant for us to classify as a deficiency.	We completed the following tasks as part of this IT Audit: • Evaluated the design and implementation for security management, change management and batch processing controls. • Performed high level walkthroughs, inspected supporting documentation and analysis of configurable controls in the above areas. • Documented the test results and provided evidence of the findings to the IT team for remediation actions where necessary.	Segregation of duties conflict Administrative access to Oracle Fusion has been granted to users who have financial responsibilities. The combination of financial responsibilities with the ability to administer end-user security is considered a segregation of duties conflict. We noted that the two individuals with elevated permissions were the Head of Financial Accounting and Tax and the Financial Accountant. We were unable to obtain a justification as to why this level of access has been granted. We were informed that there is currently a review process taking place to assess which users require additional accesses. Risk to the organisation: A combination of administration and financial privileges creates a risk that system-enforced internal controls can be bypassed. This could lead to: • unauthorised changes being made to system parameters, • creation of unauthorised accounts, • unauthorised updates to their own account privileges, • deletion of audit logs or disabling logging mechanisms. Recommendations were made on this in the prior year audit findings report on these matters and we reference these within the appendix.

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Land and Building NBV £163.6m (£180.2m p/y)	PCC / Group	The valuer has valued £151.5m of other land and buildings, £91.8m of which are specialised and are valued at DRC and £59.7m are non-specialised and valued at EUV. The PCC has engaged Avison Young to complete the valuation of properties as at 31 March 2024. The valuation in 2024 is the last valuation in the 5-year cycle and has therefore covered most of the force's property assets. The force adopt an approach whereby a selection of properties are valued in the interim period, generally those that have had substantial expenditure incurred.	Overall, we are satisfied that the valuer is appropriately qualified and experienced to undertake this work. Our testing has provided us with assurance over the completeness and accuracy of the underlying information used to determine the estimate. We have noted that AY has adopted an alternative valuation approach to the previous valuers, and this has impacted on the valuation of mainly building assets. We have consulted with the auditor expert valuer and are assured that the approach adopted is Code compliant. As part of our testing strategy, we considered the movement in valuation against market data. Any assets that were outside the expected tolerances have been tested to source data. No material errors have been identified in our testing. We are satisfied that the disclosure the accounts are code compliant and reasonable.	●

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

<table>
<tr><th>Significant judgement or estimate</th><th>Relates to</th><th>Summary of management's approach</th><th>Audit Comments</th><th>Assessment</th></tr>
<tr><td>Police Pension Scheme liability - £6,107m</td><td>Chief Constable / Group</td><td>The Chief Constable's Police Pension Scheme liability at 31 March 2024 is £6,106mm (PY £6,021m). The Chief Constable operates three pension schemes for police officers, these are the 1987,2006 and 2015 Police Pension Schemes.

The Chief Constable uses GAD to provide actuarial valuations of their Police Pension Scheme liabilities. A full actuarial valuation is required every four years.

Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £44.9 m loss during 2023/24.</td><td>

We are satisfied that the actuary is appropriate to support management in this estimate.
We have relied on the auditor expert PwC to support our assessment of the actuary's approach and assumptions are content that the approach adopted is reasonable.
We are satisfied on the completeness and accuracy of the underlying information used to determine the estimate.
We are satisfied on the adequacy of disclosure of estimate in the financial statements

<table>
<tr><th>Police Pension Scheme Assumptions</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr>
<tr><td>Discount rate</td><td>4.75%</td><td>4.75%</td><td>●</td></tr>
<tr><td>Pension increase rate</td><td>2.6%</td><td>2.6%</td><td>●</td></tr>
<tr><td>Salary growth</td><td>3.85%</td><td>0.5% to 2.5% p.a. above CPI inflation</td><td>●</td></tr>
<tr><td>Life expectancy – Males currently aged 45/65</td><td>23.6/21.9</td><td>Not specified</td><td>●</td></tr>
<tr><td>Life expectancy – Females currently aged 45/65</td><td>25.1 / 23.6</td><td>Not specified</td><td>●</td></tr>
</table>
</td><td>●</td></tr>
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2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
LGPS Net pension liability – £0.8m (£69m asset before asset ceiling adjustment) IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments. IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.	PCC / Chief Constable / Group	The PCC and Chief Constable's Local Government Pension Scheme net pension surplus at 31 March 2024 is £0.6m and £69.3m respectively (PY £0.2m and £16m respectively) comprising the West Midlands Local Government Pension Scheme obligations. Both of the Local Government schemes are subject to asset ceiling calculations preventing the recognition of an unrealisable surplus. The PCC and Chief Constable use Hymans Robertson to provide actuarial valuations of the PCC's and Chief Constable's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in the prior year. Given the significant value of the net pension fund liability (surplus), small changes in assumptions can result in significant valuation movements. There has been a £28.5m net actuarial gain during 2023/24.	• We are satisfied that the actuary is appropriate to support management in this estimate. • We have relied on the auditor expert PwC to support our assessment of the actuary's approach and assumptions are content that the approach adopted is reasonable. • We are satisfied on the completeness and accuracy of the underlying information used to determine the estimate. • We are satisfied on the reasonableness of the PCC and Chief Constable's share of LGPS pension assets. • We are satisfied on the adequacy of disclosure of estimate in the financial statements. Note that PwC has not provided ranges for the mortality assumptions of Hymans Robertson as the actuary uses individual employer-level life expectancies. PwC has confirmed that the methodology used is reasonable	

LGPS Assumptions Assumption	Actuary Value	PwC range	Assessment
Discount rate	4.8 – 4.85	4.8 – 4.85	
Pension increase rate	2.75	2.75-2.8	
Salary growth	3.75	0.5% to 2.5% p.a. above CPI inflation	
Life expectancy – Males currently aged 45/65	21.6	Not specified	
Life expectancy – Females currently aged 45/65	25.2	Not specified	

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas. (For further detail of the IT audit scope and findings please see separate 'IT Audit Findings' report.)

			ITGC control area rating				
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
Oracle Fusion	ITGC assessment (design and implementation effectiveness only)	🔴	🔴	🟢	🟡	Management override of controls	Segregation of duties conflict: two individuals with administrative access also had financial management responsibilities. We undertook a review of the journals posted by these individuals by way of response
iTrent	ITGC assessment (design and implementation effectiveness only)	🟡	🟢	🟡	⚫	n/a	n/a
Altair	ITGC assessment (design and implementation effectiveness only)	🟢	🟢	🟢	⚫	n/a	n/a
Active Directory	ITGC assessment (design and implementation effectiveness only)	🟢	🟢	⚫	⚫	n/a	n/a

Assessment

- 🔴 Significant deficiencies identified in IT controls relevant to the audit of financial statements
- 🟡 Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- 🟢 IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- ⚫ Not in scope for testing

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Joint Audit Committee. We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We identified that some interests had not been disclosed as part of the annual confirmation process. We were able to confirm that no transactions had occurred and so the related party disclosures are complete.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	Letters of representation will be requested for both the PCC and the Chief Constable. We have yet to determine whether any specific representations will be required.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the PCC's bank and for the Investments held at the year end. We have yet to receive all confirmations. We will undertake alternative procedures if these planned confirmations are not received.
Accounting practices	We have evaluated the appropriateness of the PCC's and Chief Constable's accounting policies, accounting estimates and financial statement disclosures. We have yet to fully conclude on this work, but have nothing to report at the time of drafting this report.
Audit evidence and explanations/ significant difficulties	No such matters to report at this stage of the audit. We have received appropriate support and explanations from management to date.

2. Financial Statements: other communication requirements

Our responsibility

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 and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the PCC's and Chief Constable's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the PCC and Chief Constable meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the PCC and Chief Constable and the environment in which they operate • the PCC's and Chief Constable's financial reporting framework • the PCC's and Chief Constable's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified for either the PCC or the Chief Constable • management's use of the going concern basis of accounting in the preparation of both sets of financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statements and Narrative Reports), are materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Following amendments to the AGS we are content that there are no further maters to report in relation to the 'other information'.
Matters on which we report by exception	We are required to report on matters by exception in a number of areas: • if the Annual Governance Statements do not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • 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 weakness. The consistency of the AGS was an area where we reported by exception in the prior financial year due to the omission of reference to the PEEL inspection. We have agreed with management some amendments to the Annual Governance statement and are now content that the disclosures are in line with our understanding of the organisation. We refer to VFM in the next section of the report and anticipate that a report will be issued to the next JAC.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA audit instructions. We note that work is not required at this time as the group does not exceed the threshold.
Certification of the closure of the audit	Although we have completed the majority of work on the 2023/24 financial year under the Code, we do not expect to be able to certify the completion of the audits when we give our audit opinions due to changes in the NAO's procedures for the WGA.

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

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

Governance

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

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Conclusions

We anticipate that the draft report with our conclusions will be with management for discussion by the date of the JAC. We can provide a verbal update to the committee, and the final AAR will be presented to the JAC in the new year.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.

4. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. No non-audit services were identified which were charged from the beginning of the financial year to date.

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the group or investments in the group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the group.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the group's board, senior management or staff that would exceed the threshold set in the Ethical Standard

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Appendices

A. Communication of audit matters to those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud.	•	•
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan– Audit of Financial Statements

We have identified three recommendations as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2023/24 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
●	**Valuation of land and buildings:** We noted that the valuer had adopted an approach to valuation different to prior years. This involved valuation of the entire asset and subtract an estimate of the land value. This resulted in a number of building assets being valued at nil. This approach was confirmed as being Code compliant although we understand that RICs has issued updated guidance on this matter to be applied in future years.	We understand new valuers are to be appointed in 2024/25. Management should ensure that assets that have nil building values are considered for inclusion in the sample of desk top review of valuations by the incoming valuer to ensure the valuations approach is consistent with updated RICs guidance. **Management response** The new valuers will be informed of the points raised by the auditors in respect of the valuation methodology used by the previous team and the request to consider the reasonableness of the floor areas provided.
●	**Valuation of land and buildings:** Some of the valuations were based on a spreadsheet of floor areas supplied by the force to the external valuer for gross internal area (GIA). The spreadsheet was prepared several years ago but cannot be linked back to any 3rd party source documentation such as the terms of engagement for the surveyor or any other correspondence.	Management should ensure the new valuer is sighted on the matter for him to conclude whether the floor areas are reliable basis for the valuation. **Management response** As above
●	**Valuation of the pension fund liability:** Management was unable to provide evidence of the challenge made of the actuary of the key assumptions made.	We recommend that management should better document the challenge they have made to the actuary assumptions prior to adopting the figures in the accounts. **Management response** Management will ensure that discussions in respect of the actuarial assumptions proposed are concluded by email to provide a record for the audit team to look at and not by a verbal discussion.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of West Midlands Police PCC and Chief Constable's 2022/23 financial statements, which resulted in two recommendations being reported in our 2022/23 Audit Findings report.

Management has considered the issues raised and has partially addressed these matters.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
WIP	Journal controls We have identified a control weakness as there is no authorization of journals., although we do recognize that there are other compensating controls. We recommend that, as a minimum, management introduces a limit within the system for individuals to post higher risk journals without authorisation, such as high value or month 13 journals	**Management response on progress:** All journal lines over £100k are now reviewed each month by Head of Financial Accounting and Tax and Head of Finance Business Partnering. These are reviewed and approved retrospectively each month. This process for reviewing journals started in April 2024.
WIP	Privileged IT user rights and IT segregation of duties: Users have in appropriate access rights which may create improper segregation of duties: Management should be cognisant of the fraud risk associated with individuals having both elevated access (admin control) and also undertaking operational roles. We recommend that management regularly review access rights for individuals and whether such a need is necessary Management should ensure that audit logs are maintained and reviewed of activity in relation to individuals with elevated access Management response: Whilst there are tight controls around granting system access, management agree to review access levels on a regular basis. We will also explore the option of switching on audit logs/ a review process where access levels are above the normal levels.	We noted that there remains some elevated access within both Oracle and Itrent. Management are aware of this and are comfortable with the level of access. **Management response:** **Privileged IT user rights** The two people in question have been given this role to act as resilience for the other users. There are a total of 5 people within the Finance Department who have this role who are all management level with key responsibilities. We wish to retain this number of people as this mitigates the risk of key tasks not being carried out. We understand the key risks as part of this assigned role on Oracle. We will be investigating with IT if these roles can be more streamlined and privileges amended to ensure only those privileges that are required are kept to minimise key risks. Where privileges cannot be amended, we will look to set up audit logs to ensure access is appropriate. In regard to iTrent users with privileged user rights: The issues identified by the auditors were exceptional due to the payroll system administrator being on leave for a long period of time. We have now realigned responsibilities within the team to ensure the audit logs are reviewed and there is resilience within the team.

Assessment

✓ Action completed

X Not yet addressed

WIP In progress

D. Audit Adjustments – PCC

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Error in property asset valuation				nil
Dr PPE		6,290		
CR CIES (revaluation movements)	(6,290)		(6,290)	
No impact on general fund as adjustment is reversed through the MIRS				
Amendment to the PCC legal provision to reflect the uncertainty around the receipt of central government grant				
Cr Provisions		(1,106)		
Dr CIES	1,106		1,106	1,106
Net reduction in GF balance				
Recognition of redundancy provision within the CC accounts, rather than PCC accounts	nil		nil	nil
Cr intergroup creditors		(5,647)		
Dr PCC provisions		5,647		
The presentation of the costs associated with the provision have also been amended in the CIES				
Overall impact	**(£5,184k)**	**£5,184k**	**(£5,184k)**	**£1,106k**

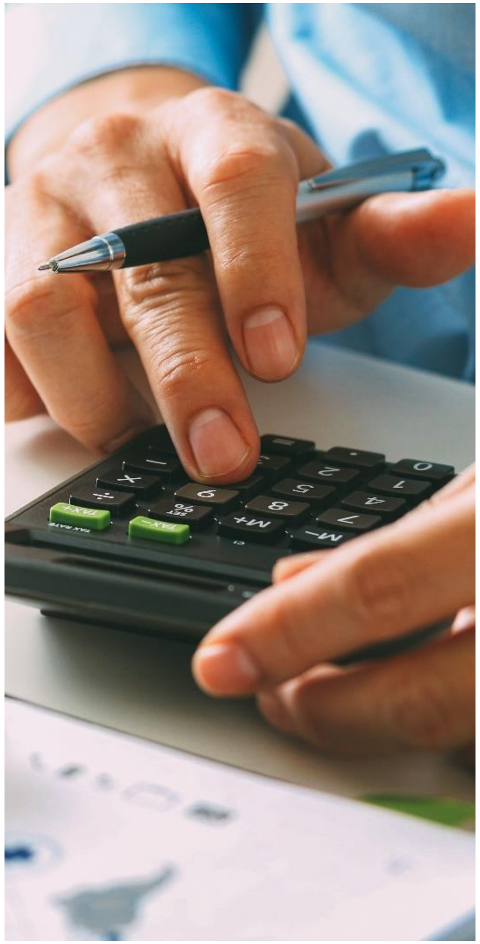
D. Audit Adjustments – PCC

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Narrative statement	Revenue outturn table amended to make clear where the totals are	✓
AGS	Section 13 - Conclusion added - to be approved with JAC in winter meeting.	✓
MIRS	Delete row Transfer to/from earmarked reserves	✓
EFA	Adjustment for discount for FI (£1.3m)	✓
Collaborative Working	Update for late adjustments to agree with Note 7	✓
Senior Officers Remuneration report	Updated for benefits in kind	✓
Termination benefits	Value of late payments included in narrative	✓
Pensions	Change to asset return and ceiling from revised actuarial statement	✓
Earmarked reserves	Move budget reserve, add in subtotal and remove Gen fund reserve	✓
Intangible assets	Remove the figures in the 23/24 table and replace with narrative to reflect disposal at nil value.	✓
Long term borrowing	Additional narrative to mention the £20m loan repayment	✓
Accounting Policies	Additional wording to clarify some transactions	✓
various	Minor improvements have been made to the presentation of the information in the accounts	

D. Audit Adjustments – PCC



Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The PCC is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
Negative provision for motor damage claims - income reimbursement					No impact on CIES
Cr provisions	nil	(1.7)	nil	nil	
Dr debtors		1.7			
Overall impact	**nil**	**nil**	**nil**	**nil**	

Impact of prior year unadjusted misstatements

The prior year unadjusted misstatements related to the understatement of lagged assets in relation to the west midlands pension fund of £1.4m. We do not consider that overall brought forward unadjusted errors, in conjunction with those identified in 2023/24 provide a cumulative material error in the accounts.

D. Audit Adjustments – Chief Constable

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000
Recognition of redundancy provision within the CC accounts, rather than PCC accounts	nil		nil	nil
Cr CC provisions		(5,647)		
Dr intergroup debtors		5,647		
The presentation of the costs associated with the provision have also been amended in the CIES				
Overall impact	**nil**	**nil**	**nil**	**nil**

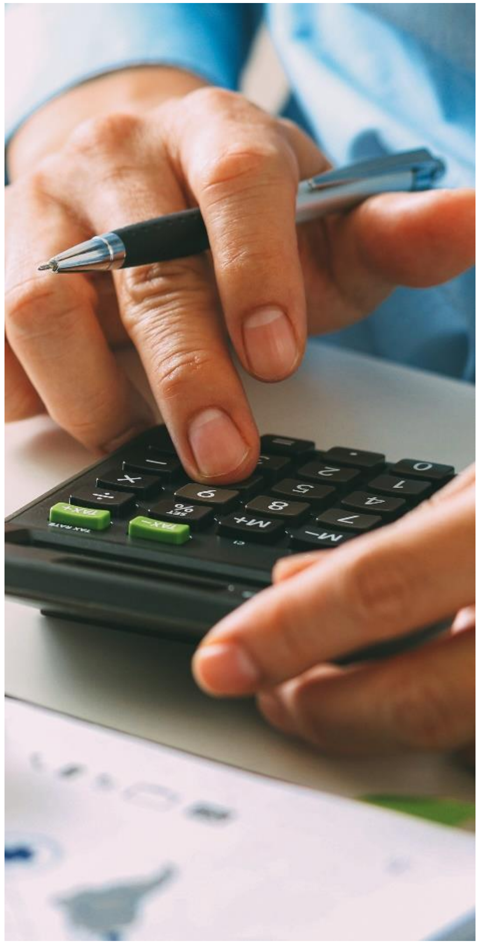
D. Audit Adjustments – Chief Constable

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Amendments to the AGS to reflect policing matters referenced in the PCC AGS.	The CC AGS should reflect the weakness in arrangements that are included in the PCC AGS that are specific to policing. Adjustment for website	✓
MIRS	No breakdown of 'Adjustments between accounting & funding basis'	X
Balance Sheet	Reserves redirected to note 15	✓
Employee Remuneration	Wording updated to allow for category below £50k	✓
Senior Officers Rem	Update for benefits in kind	✓
Exit packages	Value of late payments included in narrative	✓
Related Parties	Wording change to interests	✓
Collaborative working	update for late adjustments to agree with note 7 Additional narrative to aid understanding	✓
Pensions	Update of narrative to reflect new ceiling figure Adjusted 22/23 figure to 884,047 to correct mistyped figure	✓
Provisions	New note for reorganisation provision	✓
Accounting Policies	Additional wording to clarify some transactions	✓
various	Minor improvements have been made to the presentation of the information in the accounts	

D. Audit Adjustments – Chief Constable



Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Chief Constable (and PCC for those that impact on the group) is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
Redundancy provision recognised were no present obligation exists					Management consider that it is prudent to recognise the liability when the decision was made.
Dr provisions		4,023			
Cr CIES	(4,023)		(4,023)	4,023	
Overall impact	**£4,023**	**£4,023**	**(£4,023)**	4,023	

Impact of prior year unadjusted misstatements

Prior year unadjusted misstatement related to lagged assets. We do not consider that overall brought forward unadjusted errors, in conjunction with those identified in 2023/24 provide a cumulative material error in the accounts.

E. Fees and non-audit services

We set out below our anticipated fees for the audit. There were no fees for the provision of non-audit services. We will update management, and this report should further fees be required.

Audit fees	PCC	Chief Constable
Scale fee	£129,519	£71,143
ISA 315	£6,275	£3,138
Use of expert	£3,500	nil
Total audit fees (excluding VAT)	**£139,294**	**£74,281**

G. Management Letter of Representation

Grant Thornton UK LLP

17th Floor 103 Colmore Row
Birmingham

[Date]

Dear Grant Thornton UK LLP

West Midlands Police

Financial Statements for the year ended 31 March 2024

This representation letter is provided in connection with the audit of the financial statements of West Midlands Police (Police and Crime Commissioner and the Chief Constable) for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the group financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities for the preparation of the group 's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

We have complied with the requirements of all statutory directions affecting the group and these matters have been appropriately reflected and disclosed in the financial statements.

The group has complied with all aspects of contractual agreements that could have a material effect on the group financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include valuation of land and buildings and the pension liability and provisions. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements

We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

Except as disclosed in the group financial statements:

- there are no unrecorded liabilities, actual or contingent
- none of the assets of West Midlands Police has been assigned, pledged or mortgaged
- there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code

All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group PCC and CC financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the group and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

H. Management Letter of Representation (cont)

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

We have updated our going concern assessment. We continue to believe that the group financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

- the nature of the group means that, notwithstanding any intention to cease the group operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
- the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
- the group's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group 's ability to continue as a going concern need to be made in the financial statements

The group has complied with all aspects of ring-fenced grants that could have a material effect on the group financial statements in the event of non-compliance.

Information Provided

We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the group's financial statements such as records, documentation and other matters;
- additional information that you have requested from us for the purpose of your audit; and
- access to persons within West Midlands police, via remote arrangements, from whom you determined it necessary to obtain audit evidence.

We have communicated to you all deficiencies in internal control of which management is aware.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group, and involves:

- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial statements.

We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We have disclosed to you the identity of the group related parties and all the related party relationships and transactions of which we are aware.

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

We are satisfied that the Annual Governance Statement (AGS) fairly reflects the risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect our understanding of the group financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Joint Audit Committee at its meeting on 5 December 2024.

F. Audit opinion

Our anticipated audit report opinion will be unmodified

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