



Meeting	Audit, Risk and Assurance Committee
Date	9 May 2024
Location	Via Video Conference
Title of Paper	External Audit Progress and Sector Update Report
Presented By	Joanne Brown, Partner – Grant Thornton Rebecca Lister, Senior Manager – Grant Thornton
Recommendation to Members	For Discussion
Appendix Attached	Yes External Audit Progress and Sector Update Report

PURPOSE

The External Audit Progress Report provides the Audit, Risk and Assurance Committee with an update on the progress of the External Audit and highlights key sector updates.

1 BACKGROUND DETAIL

- 1.1. Audit Progress and Sector Update Report - Appendix One. Grant Thornton undertook planning and interim audit work in March as part of the annual audit of the statement of accounts for the Scottish Police Authority. This report provides an update on the findings and progress of the interim and planning work undertaken to date as well an update on the sector. The auditors are planning to provide their Audit opinion by 30 September 2024.

2 FINANCIAL IMPLICATIONS

- 2.1. There are no financial implications in this report.

3 PERSONNEL IMPLICATIONS

- 3.1. There are no personnel implications in this report.

4 LEGAL IMPLICATIONS

- 4.1. There are no legal implications in this report.

5 REPUTATIONAL IMPLICATIONS

- 5.1. There are no reputational implications in this report.

6 SOCIAL IMPLICATIONS

- 6.1. There are no social implications in this report.

7 COMMUNITY IMPACT

- 7.1. There are no community implications in this report.

8 EQUALITIES IMPLICATIONS

- 8.1. There are no equality implications in this report.

9 ENVIRONMENT IMPLICATIONS

- 9.1. There are no environmental implications in this report.

RECOMMENDATIONS

Members are invited to discuss the External Audit Progress and Sector Update Report.

Scottish Police Authority Audit Progress Report and Sector Update

Year ending 31 March 2024

May 2024



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Introduction & headlines

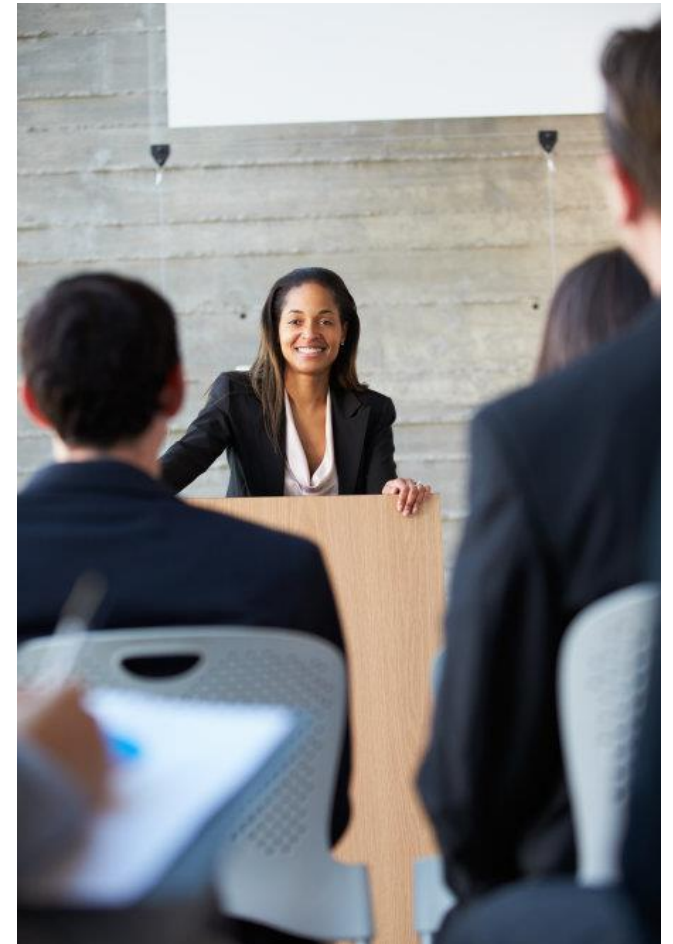
This paper provides the Audit, Risk and Assurance Committee with a report on progress in delivering our responsibilities as your external auditors.

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

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

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

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



2023/24 deliverables

2023/24 Deliverables

	Planned Date	Status
Annual Audit Plan We are required to issue a detailed annual audit plan to the Audit, Risk and Assurance Committee setting out our proposed approach in order to give our opinions on the 2023/24 financial statements.	February 2023	Complete
Planning and Interim Audit Findings We will report to you the findings from our planning and interim audit within our Progress Report.	May 2024	Included within this report
Annual Audit (ISA260) Report The Annual Audit Report will be reported to the September Audit, Risk and Assurance Committee. This report will include our findings and conclusions on significant risk areas as outlined within the annual audit plan as well as our commentary and findings from local audit work on wider scope and best value.	September 2024	Not due yet
Auditor Report [opinion] These are the opinions on your financial statements, remuneration report, regularity and annual governance statement.	September 2024	Not due yet

Planning and Interim Progress Update

Early testing audit work plan tracker

We have worked closely with management and finance officers to support the running of a smooth audit process throughout the year and at year end. We have held regular weekly meetings with key finance staff throughout the planning and interim stage of the audit where we have discussed progress on the audit as well as up and coming issues relating to the Authority and the audit which has also enabled an open and transparent working relationship and assists with a smoother audit process.

Audit Area	Planned activity	Progress	Issues and actions	Findings	Audit progress
Planning and risk assessment	Planning Inquiries with Management and Those Charged with Governance	We sent a list of planning inquiries to management and those charged with governance to inform our planning and risk assessment work.	We have received responses from both SPA management and the Chair of the Audit, Risk and Assurance Committee on behalf of those charged with governance. No issues identified in relation to responses received. We are currently awaiting receipt of responses from management of Police Scotland in order to complete our work in this area.	TBC	Amber
Planning and risk assessment	Preliminary Going Concern Assessment	We requested from management a preliminary assessment of the going concern assumption adopted by management for consideration by audit, an assessment was provided to audit in a timely manner.	No issues identified.	Green	Green
Planning and risk assessment	Walkthroughs	We have undertaken walkthroughs of all areas identified as being significant risks within our audit plan.	Walkthrough of controls relating to valuation of land and buildings and valuation of pension liability are in progress. This is due to the fact that controls relating to these processes are undertaken at year end which is subsequent to our planning and interim visit. A walkthrough of these controls will be undertaken as part of our year end procedures. No other issues were identified from walkthroughs performed.	TBC	Green

KEY:

RED Significant issue identified and/or response from management is significantly delayed

AMBER Issue identified and/or response from management is delayed

GREEN No issues noted and/or response from management has been received

Early testing audit work plan tracker

Audit Area	Planned activity	Progress	Issues and actions	Findings	Audit progress
Planning and risk assessment	Wider Scope and Best Value risk assessment and planning	We have requested a number of documents for our initial risk assessment and planning wider scope which covers financial management, financial sustainability, vision leadership and governance and use of resources to improve outcomes.	We received responses to our requests in a timely manner which has allowed us to identify the key areas of focus for our wider scope work as outlined within the Audit Plan.	Green	Green
Planning and risk assessment	IT General Controls	As part of our early testing process we perform a review over the IT General Controls for systems that are significant to the financial statement process. Our audit team have reviewed the design effectiveness and implementation of controls for the following IT systems relevant to the financial statements: eFinancials – General Ledger iTrent- Payroll and HR Assets 4000 – Fixed Asset System	Our audit team have completed the IT General Controls work for iTrent, eFinancials and Assets 4000 systems. A control deficiency was identified relating to super user access for a finance team member within Asset 4000 system. This presents an increased risk where finance team members have super user access to relevant finance systems. We would expect appropriate segregation of duties where only IT members hold super user access of key finance systems. As a result of our finding management has now withdrawn superuser access of the IT system from the finance member. We have not identified any inappropriate postings or use of the system as a result of the control weakness identified. No further issues were identified from review of relevant IT systems. Our Annual Audit Report will outline the recommendations made as well as managements response to the finding.	Amber	Green

KEY:

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Early testing audit work plan tracker

Audit Area	Planned activity	Progress	Issues and actions	Findings	Audit progress
Early testing	Opening balances testing	We compared the opening trial balance to the prior year audited financial statements to gain assurance that the closing balances had been correctly rolled forward.	No issues identified.	Green	Green
Early testing	Employee remuneration - starters and leavers testing	We obtained a list of starters and leavers for months 1-9 and selected a sample for each month to check the existence of starters and that they had been correctly included on the HR and payroll systems and that leavers had been correctly removed from the HR and payroll systems.	Audit evidence was provided to external audit on a timely basis. Subject to clearance of final review of follow up query responses, we have no issues to report.	Green (subject to final engagement team review)	Green
Early testing	Operating Expenditure	We have selected a sample of operating expenditure incurred by the Authority for months 1-9 for testing.	Audit evidence was provided to external audit on a timely basis. We have no issues to report.	Green	Green
Early Testing	Grant in Aid Income	We have tested the grant in aid income for months 1-9 received by the SPA from Scottish Government.	Audit evidence was provided to external audit on a timely basis. We have no issues to report.	Green	Green

Early testing audit work plan tracker

Audit Area	Planned activity	Progress	Issues and actions	Findings	Audit progress
Early Testing	Property, Plant and Equipment Existence Testing	We selected a sample of property, plant and equipment assets and requested audit evidence to support the asset sample exists as at 1 April 2023 and rights and obligations pertain to the SPA.	<p>Audit evidence was provided to external audit on a timely basis.</p> <p>We have identified one sample (IT asset) where asset had been disposed in 2022 and had not been written out of the fixed asset register system. This asset has a net book value of £2,787. Management are currently investigating whether this is an isolated issue or whether there are other similar IT assets which have been disposed of but not written out of the fixed asset register.</p> <p>We will provide an update of our findings in this area as part of the annual audit report.</p>	Amber	Amber <i>(subject to management investigation)</i>
Early Testing	Pension Lump Sum Payments Testing	We selected a sample of pension lump sum payments that have been made by SPA for months 1-9.	<p>Lump sum payments are administered and paid for on behalf of SPA by the Scottish Public Pensions Agency (SPPA), SPA then repay SPPA for the lump sum payments made for retired pensioners.</p> <p>Lump sum calculation sheets are held by SPPA and therefore as part of our audit evidence we obtain and recalculate lump sum payments made by SPPA to ensure accuracy of lump sum payments which go through SPA's annual accounts.</p> <p>We have experienced significant delays obtaining audit evidence from the Scottish Public Pensions Agency in completing our testing and therefore our testing is not yet complete in this area. We highlight a risk to the year end audit delivery where SPPA do not provide audit evidence in a timely manner.</p>	TBC	Red

Early testing audit work plan tracker

Audit Area	Planned activity	Progress	Issues and actions	Findings	Audit progress
Early Testing	External Audit Training	In March 2024 Grant Thornton facilitated and delivered a training session to finance staff relevant to the year end financial statement preparation process. This training outlined the purpose of external audit, what we look for in best practice working papers and audit evidence to ensure a smooth and efficient audit process. The session concluded with a question and answer session which allowed finance staff to ask the auditor questions relevant to the year end audit process.	No issues arising as a result of the training session delivered. Feedback provided by attendees outlined this was a helpful session to aide upskilling of staff in provision of information as part of the year end audit.	Green	Green

Sector update

Sector Update

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

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

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

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

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

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

HMICS

A number of inspections relating to the Scottish Police Authority and Police Scotland have been published in the past few months, these include;

- HMICS Frontline Focus – Wellbeing
- HMICS Custody Progress Inspection Report – Dumfries & Galloway
- HMICS Custody Inspection Report – Fife
- HMICS Thematic Inspection of Organisational Culture in Police Scotland.

Reports have been published at the link provided below.

[HMICS | Publications](#)

Scottish Government: 2024-25 Budget

The Scottish Government announced the outcome of the Justice Budget as part of the annual budget review for 2024-25 which includes:

- £6.3 billion for social security benefits, which will all be increased in line with inflation. This is £1.1 billion more than the funding received from the UK Government for devolved benefits in 2024-25
- £13.2 billion for frontline NHS boards, with additional investment of more than half a billion – an uplift of over 4%
- record funding of more than £14 billion for local government, including £144 million to enable local authorities to freeze Council Tax rates at their current levels
- more than £1.5 billion for policing to support frontline services and key priorities such as body-worn cameras
- almost £400 million to support the fire service
- £200 million to help tackle the poverty-related attainment gap, almost £390 million to protect teacher numbers and fund the teacher pay deal, and up to £1.5 million to cancel school meal debt
- almost £2.5 billion for public transport to provide viable alternatives to car use, and increased investment of £220 million in active travel to promote walking, wheeling and cycling

The 2024/24 Budget allocation made by Scottish Government to the Scottish Police Authority over the past 3 years is outlined below:

	2022-23 Budget £m	2023-24 Budget £m	2024-25 Budget £m
Fiscal Resource	£1,263.0	£1,343.1	£1,418.7
Non-cash	£56.1	£57.3	£67.3
Capital	£55.0	£57.4	£64.6
UK Funded AME	£0.9	£0.5	£0.3
Total Budget	£1,375.0	£1,458.2	£1,550.9

The full article can be found [here](#).

How Neighbourhood Policing Can Make Streets and Communities Safer

Onward's Back to Basics paper, endorsed by 10 Police and Crime Commissioners (PPCs), urges the Government to launch a new Neighbourhood Policing Uplift Programme to fix local policing. The uplift would hire 19,000 new neighbourhood officers – including 3,000 police officers, 10,000 police community support officers, and 6,000 special constables – to be visibly embedded in communities and tackle local crimes.

Back to Basics also calls for PCCs and police chiefs to create new “pop up” police stations in disused high street premises to improve visibility and accessibility, roll out facial recognition technology to catch shoplifters and other criminals, and recruit neighbourhood wardens in town centres to prevent low-level crime.

The full article can be found [here](#).



Policing Priorities

Without public trust and confidence in the police, attempts to prevent and detect crime will be unlikely to succeed no matter how impressive the strategic thinking behind them, the Home Affairs Committee has found. In a report into policing published in November 2023, it calls on police forces to implement specific measures to restore trust with communities and transform workforce culture.

Policing's first priority must be to look inward and ensure it has the right people and right culture in place to deliver effective policing to communities and earn public trust.

Policing must do more to address the fact that some people are likely to be attracted to the role precisely because of the power it wields. Frequent and continued cases of servicing officers committing serious criminal offences and evidence of toxic workforce cultures has not yet triggered the scale or speed of reform needed, the Committee finds. It highlights that there is urgent need for more effective mechanisms to root out and remove individuals who are fundamentally unfit to hold such a position of power.

The report urges widespread changes in officer recruitment, on-going vetting and disciplinary processes to ensure wrongdoers have nowhere to hide. Some barriers to dismissal should be removed, with particular concerns around two to three years delays even when a criminal offence has been committed.

The full article can be found [here](#).

Audit Scotland

Scottish prison system facing considerable risks

Scotland's prison system is facing considerable risks, including the poor performance of the company that transports prisoners to and from custody.

The Scottish Prison Service (SPS) contracted GEOAmey in 2018 to transfer prisoners in Scotland between prisons, courts, police custody units and healthcare facilities. But in recent years GEOAmey has been unable to recruit the staff needed to deliver the contract. This has resulted in significant delays and inefficiencies across the justice system.

SPS manages the custody and escorting contract on behalf of its justice partners. It issued improvement notices to GEOAmey, and fined the company about £4 million, but these have had limited impact. SPS is now taking more direct action, including offering financial support to GEOAmey to aid staff recruitment. These actions are expected to take around six months to take effect.

In the meantime, Scotland's prison population is rising and becoming more complex. The average prison population was around 7,500 in 2022/23. It is forecast to increase to over 8,150 by March 2024. This will put more pressure on Scotland's ageing prison estate, which needs significant investment to make it fit-for-purpose.

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





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