



Meeting	Audit, Risk and Assurance Committee
Date	22 June 2023
Location	MS Teams
Title of Paper	External Audit Progress
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

- 1.1. Audit Progress and Sector Update Report - Appendix One. Grant Thornton undertook planning and interim audit work in March and April 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 as an update on the sector. The auditors are planning to provide their Audit opinion by 30 September 2023.

2 FINANCIAL IMPLICATIONS

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

3 PERSONNEL IMPLICATIONS

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

4 LEGAL IMPLICATIONS

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

5 REPUTATIONAL IMPLICATIONS

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

6 SOCIAL IMPLICATIONS

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

7 COMMUNITY IMPACT

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

8 EQUALITIES IMPLICATIONS

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

9 ENVIRONMENT IMPLICATIONS

- 9.1. There are/ 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 2023

June 2023



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Key Grant Thornton team members

Joanne Brown

Engagement Partner

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Joanne will have ultimate responsibility for the delivery of your audit service. Specifics of the role include:

- leading our relationship with the Authority, ensuring you have access to Grant Thornton's full service offering;
- being a key contact for the Chief Executive, the Chief Finance Officer, and the Audit, Risk and Assurance Committee, meeting frequently with key members of management;
- taking overall responsibility for delivering a high quality audit which meets professional standards;
- agreeing with you the annual audit plan, and a timetable for delivering the work;
- reviewing the audit file, giving particular focus to any key areas of risk or critical judgements exercised during the audit;
- reviewing and signing off all audit reports;
- attending Audit, Risk and Assurance Committee to discuss key issues arising from our work and any recommendations;
- acting as a 'sounding board' on key decisions relevant to our responsibilities as your auditors, and
- sharing good practice identified at other organisations.

Rebecca Lister

Senior Manager

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Rebecca is responsible for planning, managing and leading the audit and providing feedback to you throughout the audit process. Rebecca is responsible for audit quality, project management of the audit and ensuring the audit requirements are fully complied with. She will respond to ad-hoc queries whenever raised and meet regularly with the Chief Finance Officers and members of the finance team. Specifics of the role include:

- ensuring responsibility for delivering high quality audits which meet professional standards;
- prepare and finalise our draft reports to management;
- reviewing the work focusing on the key areas of risk pertaining to the audit; and
- attending and contributing to senior audit liaison meetings, sharing good practice identified at other organisations.

To support delivery of the testing strategy she will:

- assist the engagement lead in establishing audit objectives and overall scope;
- ensure key matters which arise during the audits which were not identified at the planning stage are properly assessed and dealt with;
- review the work of in-charge auditor and the wider fieldwork team;
- manage, motivate and coach team members; and
- control the audits in relation to timescales, budgets and risk management procedures.

Rudi Farmer

Assistant Manager

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Rudi will work as part of the team, leading the on site audit team, providing a service which meets client expectations and supports the engagement lead / manager team. Specifics of the role include:

- taking an active part in the audit planning discussions to identify audit risks and appropriate audit strategy;
- communicating any issues relating to the audit with the engagement manager or engagement lead;
- overseeing all aspects of audit fieldwork and completion;
- addressing and discussing queries in respect of technical and audit issues identified during the course of the audit;
- maintaining good working relationships with client staff; and
- delegating work to other members of the audit team, ensuring they understand their responsibilities and have received appropriate on-the-job training / coaching.

Introduction & headlines

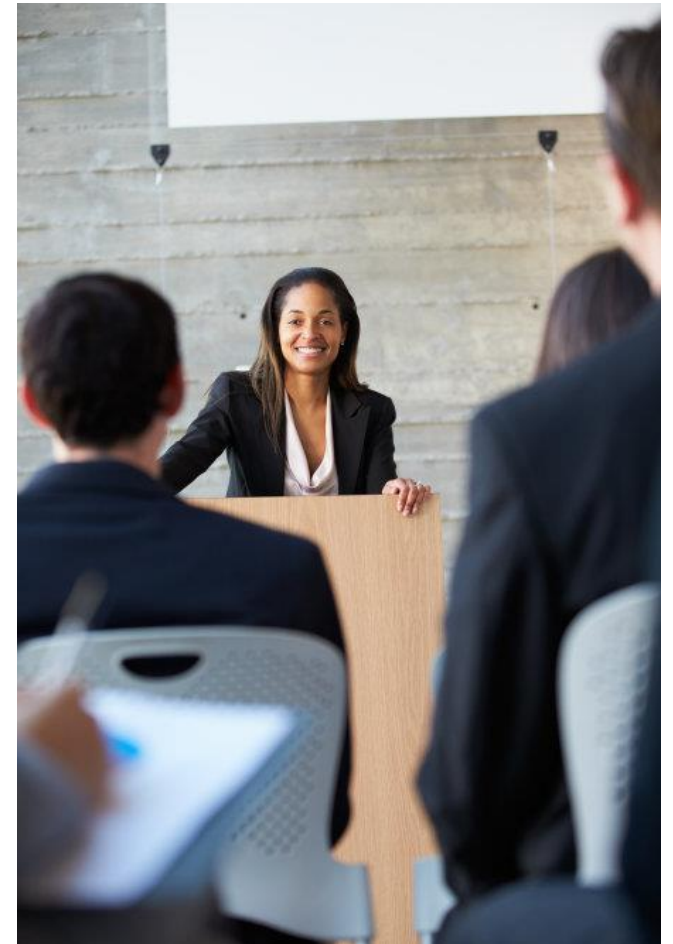
This paper provides the Audit, Risk and Assurance Committee with a report on progress in delivering our responsibilities as your external auditors.

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.



2022/23 deliverables

2022/23 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 2022-23 financial statements.	March 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 2023	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 2023	Not due yet
Auditor Report [opinion] These are the opinions on your financial statements, remuneration report, regularity and annual governance statement.	September 2023	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 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.	Green	Green
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.	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 IT 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 IT audit team have completed the IT General Control work for iTrent and eFinancials systems. No significant issues identified from review performed of these systems. A control deficiency relating to the high number of users with access to Assets 4000 system was identified with the risk that user access may not be appropriately aligned to job role requirements and may lead to inappropriate access being gained to the database and / or inappropriate changes being made to underlying data. Our Annual Audit Report will outline the recommendations made as well as managements response to the finding.	Amber	Green
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

KEY:

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

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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
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. 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	Property, Plant and Equipment Opening Balance 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 2022 and rights and obligations pertain to the SPA.	We have been provided with audit evidence for the majority of samples selected however there are some elements of sample evidence not yet provided by management. The audit team is currently reviewing final elements of audit evidence however we have identified some samples where assets have been disposed of or are no longer in use and have not been written out of the fixed asset register system. These assets are fully depreciated and therefore there is no impact on the net book value however we will look to perform additional testing on the gross book value of assets as disclosed in the property, plant and equipment note to gain assurance whether this is or is not a material issue.	Amber	Amber (subject to response of audit evidence)

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 are published at the link provided below.

[HMICS | Publications](#)

An update to the HMICS Scrutiny Plan 2022-2025 was published in December 2022. The three-year scrutiny plan covering a wide range of inspection areas relating to policing, was developed as a result of an extensive period of consultation. Since the publication of the plan, inspections of the Contact Assessment Model and Strategic Workforce Planning have been published and can be found in the link above. Inspections to be carried out over the three year period include reviews of Organisational Culture, Mental Health, Frontline Focus, Wellbeing, Domestic Abuse, Training and Development, Drugs Harm Reduction, SPA Forensics, Cyber and Online Fraud, Conduct, Missing Persons and Strategy and Performance to name but a few. A copy of the 2022-2025 HMICS Scrutiny Plan can be found using the link provided below.

[HMICS | HMICS Scrutiny Plan 2022-25](#)

Scottish Government: Review of emerging technologies in policing

A report has been compiled for the Scottish Government’s “Emerging Technologies in Policing” project and was commissioned by the Scottish Institute for Policing Research acting on behalf of the Scottish Government. It is based on a review of emerging technologies in policing undertaken between January and July 2022.

The review considered: 1) the social and ethical implications of particular types of emerging technologies in policing practice, 2) the legal considerations associated with the adoption of emerging technologies in policing, 3) recommendations from the existing research examining the trial and adoption of new emerging technologies in policing, as well as for ethical and scientific standards frameworks and guidelines, for informing best practice and wider dissemination of these technologies in police practice, 4) recommendations for the use of emerging technologies in policing based on experiences from other sectors (Health, Children and Family), and 5) the lessons learnt and recommendations that can be made from the analysis of existing case law concerning emerging technology. The report provides a descriptive overview of the relevant literature and case law available, as well as a series of recommendations for best practice in the implementation and dissemination of the different forms of technology in police practice.

Overall, the amount of literature specifying particular evidence-based recommendations from which to develop best practice in the rollout of emerging technologies in policing was more limited than for the body of literature evidencing the social and ethical issues associated with these forms of technology. This in itself represents a particular limitation in the existing body of knowledge and the review highlights the need for more trials to be undertaken within the policing context from which to develop specific recommendations for informing best practice.

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

Scottish Government: 2023-24 Budget

The Scottish Government announced the outcome of the Justice Budget as part of the annual budget review for 2023-23 which includes:

- An additional £80 million resource for the Scottish Police Authority, which provides safety and security for communities across Scotland.
- Police core capital funding has been maintained at £45.5 million for investment in the police asset base including its greening the fleet programme.
- Additional revenue spending of £29 million in the Scottish prison Service and continuing investment in the modernisation of the prison estate, with £97 million in capital funding provided.
- Total investment of £134 million in community justice services, which includes the continuation of an additional investment of £15 million from 2022-23 to support recovery efforts, bolster capacity, and strengthen alternatives to remand by improving and increasing the use of bail services.
- The Scottish Government will provide an additional £5 million resource and £4.7 million capital for the Scottish Courts and Tribunals Service. This will help to meet pay and inflation pressures, and to support essential capital repair and replacement works.
- £4.2 million is being invested in Legal Aid, alongside £3 million to strengthen access to justice, including in deprived communities and for vulnerable groups.
- £3.5 million is being invested this year in the continued delivery of the Digital Evidence Sharing Capability programme which will allow evidence to be shared digitally from crime scene to court room, significantly improving efficiency in the investigation and prosecution of crime.
- Continuation of the £48 million over 3-year funding support for victims' organisations across Scotland, through the Victim Centred Approach Fund.

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

Home Office

Review of police dismissals launched

A review to ensure that the police officer dismissal process is effective at removing those who are not fit to serve the public has been launched by the Home Office. The internal review will look at the effectiveness of the disciplinary system so the public can be confident it is fair but efficient at removing officers who fall far short of the high standards expected of them.

Baroness Casey's interim report into the culture and standards at the Metropolitan Police Service, published last year, raised concerns about the low number of police officers being dismissed and that those with multiple allegations of misconduct against them are still serving the public. She was also concerned that officers from ethnic minorities are disproportionately represented in the misconduct system.

As set out in the terms of reference published on GOV.UK [Police officer dismissals review: terms of reference](#), Home Office officials will examine the consistency of decision making at misconduct hearings and disproportionality in dismissals, alongside reviewing the existing model of misconduct panels and the impact of legally qualified chairs (LQCs).

The review, which will be completed within approximately 4 months, will also ensure that forces are able to effectively use regulations that allow probationary officers who do not meet the required standard to be let go, and look at whether the current three-tier performance system is effective in being able to dismiss officers who fail to perform the duties expected of their rank and role.

The government has introduced significant reforms to the police complaints and discipline systems in recent years – from misconduct hearings in public and independent legally qualified chairs (LQCs) to the introduction of the barred list and the strengthening of powers for the Independent Office for Police Conduct (IOPC).

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



Home Office

UK Government: Police given more time to focus on solving crimes and protecting public

Police will have more time to prioritise victims of crime and bring criminals to justice under new rules announced to cut unnecessary red tape when recording crime.

Victims reporting multiple offences will have more support from police, as officer time is freed up to focus on bringing justice rather than on duplicative record keeping. It follows a National Police Chiefs' Council (NPCC) review which found that 443,000 officer hours are spent filling in unnecessary forms and burdensome administrative tasks - time that could be better spent cutting crime and keeping our streets safe. All reported crimes for a single incident will now consistently be recorded under the 'principal offence', rather than as multiple entries on a database that effectively re-records the same incident. The police will continue to pursue all offences involved, understanding how they are linked, as part of their thorough investigative work.

Further changes are expected following the NPCC's review of police productivity, which intends to provide clear, practice and deliverable recommendations to improve the efficiency of policing.

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

HMICFRS

A number of PEEL inspections relating to specific forces have been published in the past few months. These are published at the link provided below.

[Publications - HMICFRS \(justiceinspectorates.gov.uk\)](https://www.justiceinspectorates.gov.uk/hmicfrs/publications/)



HMICFRS

Police force reports on the effectiveness of vetting and counter-corruption arrangements

HMICFRS have published reports on the effectiveness of vetting arrangements in 12 police forces. Some of these also include findings on IT monitoring and counter-corruption.

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



Audit Scotland

How the Scottish Government is set up to deliver climate change goals

This report has been prepared on behalf of the Auditor General for Scotland (AGS). It is part of a wider programme of climate change work being carried out by Audit Scotland on behalf of the AGS and the Accounts Commission, both of which have identified climate change as an audit priority. This report focuses on how effective the Scottish Government's climate change governance and risk management arrangements are in supporting it to drive the delivery of Scotland's national net zero targets and climate change adaptation outcomes. It reflects the position before the election of a new First Minister in March 2023.

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



Audit Scotland

Criminal courts Backlog

Covid-19 created a backlog of criminal court cases waiting to be heard. The Scottish Government established the Criminal Justice Board (CJB) to manage its response to the pandemic and put in place the Recover, Renew, Transform (RRT) programme, committing over £100 million of funding to support this. Partners worked well together and made good progress through innovative solutions such as establishing remote jury centres in cinemas and balloting jurors remotely. Throughout the pandemic, SCTS made very effective use of modelling data to inform decision-making about the effects of the backlog and identify solutions.

The courts recovery programme, introduced in September 2021, significantly increased Scotland's criminal court capacity and helped to reduce the backlog of cases which built up due to Covid-19. SCTS estimates that within the normal operating capacity for criminal courts, there would be around 20,000 outstanding scheduled trials at any given point. By January 2022 it was more than double that figure, peaking at 43,606. Thereafter, this figure reduced every month and by February 2023 stood at 28,029.

The backlog for solemn cases, including murder, serious assault, rape and other sexual offences, peaked in January 2023 and it will take until March 2026 for it to be cleared. For summary cases, such as common assault, domestic abuse, crimes of dishonesty, breach of the peace and motoring offences, SCTS estimates the backlog is on track to be cleared by March 2024. Average waiting times for the most serious cases have more than doubled since the pandemic. They currently stand at between 43 and 53 weeks. Some of these crimes disproportionately affect women and children.

The Scottish Government was due to publish its delivery plan for continued recovery and future reform of the criminal justice system by August 2022. But this is now not expected until summer 2023. This plan is essential in ensuring work continues to modernise the criminal justice system and that this meets the needs of people in Scotland. Meanwhile, new initiatives are being piloted within the criminal courts system that could fundamentally change how it operates, but it is too soon to gauge the impact of this work.

The Scottish Government, SCTS and partners on the CJB need to carefully manage a range of risks that could make reducing the backlog and wider reform of the criminal justice system more challenging. Reconciling different stakeholders' views on the potential future deployment and use of new technologies (such as virtual trials) and the impact that plans to reduce the criminal courts backlog will have on other parts of the criminal justice system are also risks.

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



Audit Scotland

The National Fraud Initiative in Scotland 2022

The National Fraud Initiative (NFI) is a counter-fraud exercise which aims to prevent and detect fraud. The exercise operates across the UK public sector and includes 132 public bodies in Scotland. The NFI shares and matches data held by public bodies and helps confirm that services and payments are provided to the correct people.

The overall level of identified public sector fraud and error in Scotland has fallen slightly, according to the results of a national counter-fraud exercise.

Outcomes from the Scottish NFI exercise fell by £0.4 million in 2020/21, from £15.3 million in 2018/19. The reduction in outcomes could be due to less fraud and error in the system, strong internal controls or due to some key data sets from previous exercises not being included in the latest exercise. Data sharing enables matches to be made between bodies and across national borders. Data submitted by Scottish bodies for the 2020/21 NFI exercise helped other organisations in Scotland and across the UK to identify outcomes of £1.2 million.

Most bodies that participate in the NFI continue to demonstrate a strong commitment to counter fraud and the NFI. However, a lower percentage of participating public bodies managed their roles in the 2020/21 NFI exercise satisfactorily compared to the 2018/19 NFI exercise.

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





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