

# Auditor's Annual Report

Chief Constable for West Yorkshire  
Police— year ended 31 March 2022 and  
year ended 31 March 2023

January 2024



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# 01

## Section 01: **Introduction**

# 1. Introduction

## Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for the Chief Constable for West Yorkshire Police ('the CC') for the year ended 31 March 2022 and 31 March 2023. Although this report is addressed to the Chief Constable for West Yorkshire Police, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



### Opinion on the financial statements:

#### 2021/22

We issued our audit report on 31 August 2023. Our opinion on the financial statements was unqualified.

#### 2022/23

We issued our audit report on 5<sup>th</sup> December 2023. Our opinion on the financial statements was unqualified.



### Wider reporting responsibilities

In line with group audit instructions issued by the NAO, We are not required to complete the Whole of Government Accounts work at the CC as data is included in the West Yorkshire Combined Authority's WGA return on a group basis.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Chief Constable for West Yorkshire Police and to consider any objection made to the accounts. No such correspondence has been received for 2021/22 or 2022/23.



### Value for Money arrangements

In our audit reports issued we reported that we had not completed our work on the CC's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the CC's arrangements.

Following the completion of our work we have issued our audit certificate which formally closes the audit for the 2021/22 and 2022/23 financial year.

# 02

Section 02:

## **Audit of the financial statements**

## 2. Audit of the financial statements

### The scope of our audit and the results of our opinions

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the CC and whether they give a true and fair view of the CC's financial position as at 31 March 2022 and at 31 March 2023 and of its financial performance for the years then ended. Our audit report, issued on 31 August 2023 gave an unqualified opinion on the financial statements for the year ended 31 March 2022. Our audit report for 2021/22 and 2022/23, issued on 31 August 2023 and 5 December 2023 respectively gave an unqualified opinion on the financial statements for the year ended 31 March 2022 and 2023.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

# 03

Section 03:

**Commentary on VFM arrangements**

### 3. Commentary on VFM arrangements

#### Overall summary





# 3. VFM arrangements – Overall summary

## Approach to Value for Money arrangements work

We are required to consider whether the CC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



**Financial sustainability** - How the CC plans and manages its resources to ensure it can continue to deliver its services



**Governance** - How the CC ensures that it makes informed decisions and properly manages its risks



**Improving economy, efficiency and effectiveness** - How the CC uses information about its costs and performance to improve the way it manages and delivers its services

Our work is carried out in three main phases.

### Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the CC has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

### Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We have not identified any risks as part of our work.

### Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.




We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the CC. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements**  
We make these recommendations for improvement where we have identified a significant weakness in the CC's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations**  
We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

### 3. VFM arrangements – Overall summary

#### Overall summary by reporting criteria

| Reporting criteria   |   | Commentary page reference | Identified risks of significant weakness? | Actual significant weaknesses identified? | Other recommendations made? |
|--|---|---------------------------|---|---|-----------------------------|
|  | Financial sustainability                        | 12                        | No  | No  | No                          |
|  | Governance                                      | 16                        | No  | No  | No                          |
|  | Improving economy, efficiency and effectiveness | 19                        | No  | No  | No                          |

### 3. Commentary on VFM arrangements

#### Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



# 3. VFM arrangements – Financial Sustainability

## Risks of significant weaknesses in arrangements

We did not identify any risks of significant weaknesses in arrangements as part of our continuous planning procedures for the year ended 31 March 2022 or the year ended 31 March 2023.

## Overall commentary on the Financial Sustainability reporting criteria

### How the CC identifies significant financial pressures that are relevant to its short and medium-term plans.

The CC has a Medium-Term Financial Forecast (MTFF) which covers a 4 year period and considers the funding and cost pressures the CC will face over the period. The MTFF sets out the financial direction of the Force and outlines the key risks and financial pressures. The MTFF includes the revenue budget, capital programme and precepting decisions. The MTFF includes a sensitivity analysis, outlining the impact movements in assumptions could have on the overall financial position. The MTFF is reassessed and extended annually. We have reviewed the MTFF for 2022/23 to 2026/27 and we are satisfied that it is based on reasonable assumptions.

The CC has a well-established and robust budget monitoring process in place. Monthly budget monitoring information is presented to the Chief Officer Team where cost pressures are identified, discussed and solutions managed. The process is led and co-ordinated by the finance team but Finance Business Partners are engaged with all parts of the business to ensure cost pressures are identified and managed.

National, regional, and local priorities and pressures are identified as part of the planning process and built into service, business and financial plans. The budget planning process includes engagement from all levels of the Force.

The CC's approach to budget setting is to deliver a sustainable budget and capital programme, whilst delivering the Policing Strategy, meeting the requirements of the National Strategic Policing Requirement and contributing to the delivery of the Mayor's Police and Crime Plan

The CC's approach to budget setting is to deliver a sustainable budget and capital programme, whilst delivering the Police and Crime Plan set by the Mayor of West Yorkshire and meet the requirements of the National Strategic Policing Requirement.

Budget monitoring identifies pressures during the year which are reviewed by the Chief Officer Team. Longer term issues identified through budget monitoring feed the annual update of the MTFF. Monthly meetings take places with senior officers to develop the medium-term plan in line with the Policing Plan. Financial planning is done in line with the Force Management Statement.

The MTFF includes consideration of the impact of Central Government funding and local taxation yields on the overall financial position and identifies these as risk areas.

The approved revenue budget in 2021/22 was £494.388m under the direction and control of the Chief Constable. The outturn position as at 31 March 2022 was a £4.8m underspend position.

The approved revenue budget in 2022/23 was £524.713m which was under the direction and control of the Chief Constable. The outturn position as at 31 March 2023 was a £5.3m underspend position.

Our review of the budget setting arrangements highlights no significant weaknesses, and the CC is aware of the financial pressures it faces. Two consecutive underspends against budget demonstrates the CC is able to manage its spending within its overall resources.

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria - continued

### How the CC plans to bridge funding gaps and identifies achievable savings.

The MTFF presented in January 2023, included a significant budget gap over the period of the MTFF (2022/23 – 2026/27):

| Year    | Budget shortfall<br>£000s |
|---------|---------------------------|
| 2022/23 | £0                        |
| 2023/24 | £26,039                   |
| 2024/25 | £23,876                   |
| 2025/26 | £31,093                   |
| 2026/27 | £40,632                   |

The MTFF includes a range of measures to close the budget gap split into short term, medium term and longer term measures. The short term measures include: vacancy control; minimising in year spend in 2022/23 and use of reserves. The medium term measures include vacancy control, reduction in Police Community Support Officers, reduction in overtime, and an increased precept.

Priority Based Budgeting (PBB) is a key aspect of balancing the budget in the medium to long term. The process involves each function baselining their resources and delivery, identifying productivity opportunities and identifying the costs, risks and opportunity for a range of service levels. This then enables prioritisation of resources against scored service levels to assist with both identifying savings opportunities and optimal resource allocation. During 2021/22 and 2022/23 PBB was in the early stages and was being rolled out in phases, across departments. By 2022/23 Phase 3 was reached, which included the enabling functions of the organisation. The focus has been on increasing productivity within the organisation, to address the budget challenges faced and optimising resource allocation.

The PBB work done to date has enabled the CC to make informed decisions when dealing with the budget gap. Although PBB is the primary mechanism being used to bridge funding gaps, the CC recognises the savings will take time to be realised, and as such, other mechanisms are being used in the shorter term. These include the vacancy factor and the structure of ‘grey roles’ (those which can be undertaken by either a member of police

staff or a police officer). A vacancy control factor has been included within the budget to enable savings to be delivered. In 2023/24 it is hoped to achieve £5.4m of savings through the vacancy factor. A Vacancy Control Panel is used to consider recruitment, and all vacancies must be approved through this panel.

Savings are built into the annual budget and the MTFF and are monitored throughout the year as part of the monthly budget monitoring process, with mitigating actions taken where required.

### How the CC ensures that its financial plan is consistent with other plans.

The Police and Crime Plan 2021 to 2024, sets out the Mayor of West Yorkshire's vision and priorities for policing over the period of the plan. Page 20 of the plan sets out the resources used to deliver the plan, including the sources of funding. The MTFF is aligned with the Force Management Statement, the Policing Strategy and delivery of the policing priorities set out in the Police and Crime plan.

The MTFF is underpinned by workforce planning and capital programmes which are aligned with the delivery of the Policing Strategy and delivery of the policing elements of the Police and Crime Plan and Plan.

There has been a Sustainability Manager appointed, and a Sustainability Board has been set up to bring together the appropriate people from across the organisation to embed Sustainability in West Yorkshire Police, advise the Chief Officer Team (COT) on strategic direction, establish priorities for investment, oversee implementation plans and champion behaviours across the organisation. This is chaired by the Assistant Chief Officer (Chief Finance Officer) who has the strategic lead for Sustainability. Any cost implications or savings from sustainability initiatives are accurately captured and fed into the annual budget and MTFF.

The MTFF takes into account changes to the workforce, as well as the wider financial implications of national funding streams and ongoing initiatives such as the Police Allocation Funding (PAF) used to distribute grant between forces, Operation Uplift the Government's commitment to police officer numbers, the police finance settlement and Ministry of Justice Grant.

### 3. VFM arrangements – Financial Sustainability

#### Overall commentary on the Financial Sustainability reporting criteria - continued

**How the CC identifies and manages risks to financial resilience.**

Substantial work is undertaken to understand possible future impacts on the budget. The annual update of the MTFF considers various budget pressures, such as pay and price increases, the revenue implications of the capital programme and other financial pressures.

Review of the MTFF shows that it considers the key financial risks facing the police e.g. pay awards, changes in funding, failure to deliver savings etc. The MTFF includes a number of assumptions, which are clearly set out, along with a sensitivity analysis showing the impact of a small change in any of the assumptions. The MTFF details other potential risks and issues that have not been factored into the current plan, these include inflation not returning to a 'normal' level as expected, delayed implementation or increased costs of the capital programme, impact of any national policy changes.

There is a reserves protocol in the MTFF which sets out the purpose of each earmarked reserve and how and when they can be used. There are management controls in place to manage the use of these reserves.

The overall financial position is monitored monthly, with a focus on forecast outturn and identified financial pressures, along with strategies to mitigate these and the risk to the overall financial position. The monthly monitoring includes an update on both revenue and capital budgets.

The CC have a good track record of predicting pressures and costs based upon prior year experience and review of the MTFF indicates that assumptions are largely realistic although the plan recognises the uncertainties and risks.

**Our work did not identify a significant weakness in the CC's arrangements in relation to the financial sustainability reporting criteria.**



### 3. Commentary on VFM arrangements

#### Governance

How the body ensures that it makes informed decisions and properly manages its risks



# 3. VFM arrangements – Governance

## Risks of significant weaknesses in arrangements

We did not identify any risks of significant weaknesses in arrangements as part of our continuous planning procedures for the year ended 31 March 2022 or the year ended 31 March 2023.

## Overall commentary on the Governance reporting criteria

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

The Force Management Strategy, linked to the Policing Strategy are key elements of the governance structures in place at the CC. The Policing Strategy is aligned to the policing elements of the Mayor’s Police and Crime Plan.

There is a Scheme of Consent to the Chief Constable in place, which was agreed on the 11 May 2021. This, alongside the West Yorkshire Combined Authority’s constitution, the Mayor’s PCC Contract Standing Orders and the Mayor’s Scheme of Delegation constitute the Governance Framework for the discharge of the Mayor’s PCC duties. The Schemes of Delegation and Consent are important instruments in the day-to-day management of the Police Fund Budget.

The Risk Management Group are responsible for monitoring and assessing risk. This group is chaired by the Deputy Chief Constable and is attended by the Senior Leaders of the Force and a member of the Joint Independent Audit Committee attends at least once a year. Review of minutes show new and emerging risks are discussed at these meetings, along with a review of existing strategic risks. A Risk Management Update is provided at each JIAC meeting.

The Internal Audit service is provided by an independent team, led by the Head of Audit and Risk, who reports directly to the Assistant Chief Officer, Business Operations. The internal audit team provides assurance based on a risk-based audit plan which complies with auditing standards. It produces an annual report to the Joint Independent Audit Committee, which provide an opinion on the control environment. The audit team also provides advice and support on the design and operation of the control environment in general. The Head of Internal Audit Opinion for 2021/22 and 2022/23 gave a reasonable assurance opinion. We have reviewed the Internal Audit Plan for 2021/22 and 2022/23 and consider it to be comprehensive, covering the key risk areas faced by the CC. Internal Audit reporting to JIAC is timely and informative, providing sufficient information on the key findings and recommendations arising from their work.

**How the CC approaches and carries out its annual budget setting process.**

**How the CC ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed.**

The CC have a well-established budget monitoring process which includes monthly updates focusing on the financial outturn position for revenue and capital. Regular budget monitoring reporting is taken to the Chief Officer Team. Monitoring reports set out the annual revenue budget, year to date actual spend, forecast outturn and any forecast variance at the overall force level. We have reviewed a sample of the reports and we are satisfied they highlight the key points of note and the reasons for under and overspending. Reporting also includes reserve movements and future risks and opportunities. Review of Chief Officer Team minutes confirm there was regular reporting of the financial position during the 2021/22 and 2022/23 financial years.

In 2021/22 and 2022/23 the outturn position was not significantly different to that reported during the year and did not indicate a weakness in arrangements. There was a clear understanding of the reasons for the underspend reported at year end. This is further evidence of effective arrangements for budgetary control.

Statutory financial reporting requirements are well resourced with a dedicated finance team to support the Chief Finance Officer. From our experience of the audit of the financial statements in 2021/22 and 2022/23, the CC has an effective system for production of the final accounts. The draft accounts in both years were of a good quality, supported by appropriate working papers and we found no significant deficiencies. The accounts are reflective of the reported budgeted financial position summarised in the outturn reports.



### 3. VFM arrangements – Governance

#### Overall commentary on the Governance reporting criteria - continued

**How the CC ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.**

Formal reports to Committees set out the financial, legal, equalities implications to ensure decisions are supported by robust information and how the decision links to the Police and Crime Plan and therefore the overall strategy. From our review of meeting minutes we are satisfied that the governance processes in place are being followed, and we did not identify any evidence of a significant weakness in the arrangements.

All senior police officers and support officers of the CC make declarations of interests. Our review of related party declarations and associated transactions as part of our work on the financial statements, has highlighted no significant weaknesses. Each District and Department has a gifts and hospitality register, Chief Officers expenses are published on the Force Internet site. Professional Standards produce a monthly publication which informs Officers and Staff around standards of behaviour and their responsibilities in key processes. They also publish the outcomes of misconduct hearings and meetings. All Police Officers and Staff are required to undertake an annual Integrity Health Check, which includes a refresh of the Code of Conduct and Code of Ethics.

**Our work did not identify a significant weakness in the CC's arrangements in relation to the governance reporting criteria.**

### 3. Commentary on VFM arrangements

#### Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Risks of significant weaknesses in arrangements

We did not identify any risks of significant weaknesses in arrangements as part of our continuous planning procedures for the year ended 31 March 2022 or the year ended 31 March 2023.

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

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

Financial performance is reported monthly to the Chief Officer Team. Review of financial reporting shows detailed information is shared including latest financial position, forecast financial outturn and commentary on key pressures/underspends.

The CC uses Police Objective Analysis and Value for Money Profiles to assess how they are using their resources compared to national averages and other similar Forces. This is used to assess operational performance and identify opportunities for efficiencies. A performance structure is in place that has enabled leaders across the organisation to hold each other to account. The Chief Officer Team attend a daily operational briefing to discuss performance with all operations. The Force carries out a quarterly programme of Local Accountability Meetings where Chief Officers hold each District or Department to account for the delivery of their plan.

The governance framework enables West Yorkshire Police to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money. An annual review of this framework takes place and appropriate improvements are made to ensure that it remains fit for purpose.

A performance management framework is in place for all staff with Performance Development Reviews (PDR's) carried out at least annually.

### How the CC evaluates the services it provides to assess performance and identify areas for improvement.

Victim Surveys are undertaken to monitor service delivery for victims. Results are analysed and reported at a Force, District, Neighbourhood and Ward based level. Analysis of the surveys are embedded into the Force

Management Statement to facilitate service improvement.

In November 2021, the 2021/22 HMICFRS PEEL inspection was published. This report rated the Force as follows:

| Area of Policing                   | Judgement   |
|------------------------------------|-------------|
| Preventing crime                   | Outstanding |
| Treatment of the public            | Outstanding |
| Disrupting serious organised crime | Outstanding |
| Good use of resources              | Outstanding |
| Responding to the public           | Good        |
| Protecting vulnerable people       | Good        |
| Managing offenders                 | Good        |
| Developing a positive workplace    | Good        |
| Investigating crime                | Adequate    |
| Supporting victims                 | Adequate    |

# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

The inspection also inspected how well West Yorkshire Police meets its obligations under the strategic policing requirement, and how well it protects the public from armed threats. However, a graded judgement is not made in this overall area.

The PEEL inspections introduced in 2014 have been continuously adapted and significant changes have been made during 2021/22, with a more intelligence-led, continual assessment approach and a move from a four-tier system of judgements to a five-tier system. The judgements are:

- Outstanding
- Good
- Adequate
- Requires improvement
- Inadequate

Whilst as a result comparisons cannot directly be made between the grades awarded in 2021/22 and previous years, the report shows the Force continues to perform well.

The report congratulates the Force on its excellent performance in keeping people safe and reducing crime and notes that being graded as outstanding in four areas or policing reflects the high level of performance in a challenging policing environment. The report highlights that the Force needs to improve how it identified vulnerability at the first point of contact.

**How CC ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve.**

There are many examples of partnership working in a variety of functions within the Force, across a local, district, regional and national level. There are arrangements in place for working with partners to deliver services efficiently.

Community Safety Partnerships are in place for each of the Local Authority areas that West Yorkshire Police work across. The partnerships include various bodies, including the Local Authority, West Yorkshire Police, West Yorkshire Fire and Rescue, probation services and the Health sector.

Regional collaborations for the provision of policing services between West Yorkshire Police, North Yorkshire Police, South Yorkshire Police and Humberside Police are in place. With a Regional Collaboration Board responsible for governance of the arrangements. A Lead Force model has been adopted for each functional area of regional collaboration, West Yorkshire Police for serious and organised crime, scientific support, collision investigation and prison intelligence unit, OPCC for South Yorkshire for procurement & stores and the OPCC for Humberside has lead force responsibility for underwater search services.

The 2021/22 HMICFRS PEEL inspection highlighted West Yorkshire Police’s track record of collaboration and its contribution at local, regional and national levels. Examples of its collaboration include the National Police Air Service, with the North East Counter Terrorism Unit, and on the video identification software VIPER.

**How the CC ensures that where services are commissioned or procured this is done in accordance with relevant legislation**

In relation to the procurement of services West Yorkshire Police has Blue Light Commercial, a Regional Procurement Unit and a Force Commercial Services team. All work valued under £ 50k is dealt with by the Commercial Services Team. Regional Procurement and Blue Light Commercial deal with contracts valued in excess of £50k. Regional Procurement monitor the letting of contracts and all savings are reported to Blue Light Commercial after being signed off by the Force Finance Department.

Contract standing orders are included in the Governance Framework, these are comprehensive and up to date. Review of the standing orders show that they clearly set out the requirement for compliance, the requirement for competitive procurement/tender process, the responsibility for financial and contractual delegation and the exceptional circumstances in which the normal procedures can be waived. The standing orders also set out the thresholds for quotations/tenders and the delegated officers for signing contracts and the financial thresholds they are permitted to authorise.

**Our work did not identify significant weakness in the CC’s arrangements in relation to the improving economy, efficiency and effectiveness reporting criteria.**

### 3. Commentary on VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



### 3. Identified significant weaknesses and our recommendations

#### Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we did not identify any significant weaknesses in the CC's arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022 or the year ended 31 March 2023.

#### Progress against 'other recommendations' made in 2020/21 by the predecessor auditor

As part of our work in 2021/22 and 2022/23 we have considered the 'other recommendations' made by the predecessor auditor as part of their 2020/21 VFM arrangements work. We have not found any concerns that would require further recommendations.

# 04

Section 04:

**Other reporting responsibilities and  
our fees**



## 4. Other reporting responsibilities and our fees

### Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions for the year ended 31 March 2022 or the year ended 31 March 2023.

### Reporting to the NAO in respect of Whole of Government Accounts consolidation data

In line with group audit instructions issued by the NAO, we are not required to complete the Whole of Government Accounts work at the CC as data is included in the West Yorkshire Combined Authority's WGA return on a group basis.



## 4. Other reporting responsibilities and our fees

### Fees for work as the Chief Constable for West Yorkshire Police's auditor

We reported our fees for the delivery of our work under the Code of Audit Practice in our Audit Progress Report presented to the Joint Independent Audit Committee in December 2023. Having completed our work for the 2021/22 and 2022/23 financial year, we can confirm that our fees are as follows:

| Area of work   | 2021/22 fees   | 2022/23 fees   |
|--|----------------|----------------|
| Scale fee in respect of our work under the Code of Audit Practice  | £17,325        | £22,697        |
| Additional testing as a result of the implementation of new auditing standards: ISA 220 (Revised): Quality control of an audit of financial statements; ISA 540 (Revised): Auditing accounting estimates and related disclosures; and ISA570 (Revised): Going Concern; | £3,950         | £3,950         |
| Additional testing as a result of the implementation of new auditing standards: ISA 315 (Revised): Identifying and assessing the risks of material misstatement;   | -              | £5,750         |
| Additional testing as a result of changes arising from increased audit quality expectations involving the work on the local government pension scheme and police pension scheme.   | £4,250         | £4,250         |
| Other additional testing:  |                |                |
| - First year audit   | £6,250         | -              |
| - Local Government Pension Scheme Triennial Pension Valuation – 31 March 2022  | £5,000         | -              |
| - Police Pension Scheme Triennial Pension Valuation – 31 March 2022  | £5,000         | -              |
| - Application of the Local Government Pension Scheme asset ceiling   | -              | £5,250         |
| Additional work arising from the change in the Code of Audit Practice and VFM reporting  | £12,500        | £12,500        |
| Additional work arising from the follow up of 'other recommendations' Value for Money raised in 2020/21 by the predecessor auditor   | £2,500         | -              |
| <b>Total fees</b>  | <b>£56,775</b> | <b>£54,397</b> |



# Appendix

# A. Further information on our audit of the financial statements

## Significant risks and audit findings – 2021/22

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

| Risk   | Our audit response and findings   |
|--|---|
| <b>Management override of controls</b><br><br>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits. | <b>How we addressed this risk</b><br>We addressed this risk through performing audit work over: <ul style="list-style-type: none"><li>• Accounting estimates impacting amounts included in the financial statements;</li><li>• Consideration of identified significant transactions outside the normal course of business; and</li><li>• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.</li></ul> <b>Audit conclusion</b><br>We identified no significant issues to report. |

# A. Further information on our audit of the financial statements

## Significant risks and audit findings – 2021/22

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

| Risk  | Our audit response and findings   |
|---|---|
| <p><b>Defined benefit liability valuation</b></p> <p>The net pension liability represents a material element of WYP's balance sheet. WYP's liability is split between the West Yorkshire Pension Scheme and the Police Pension Scheme.</p> <p>The valuation of the pension schemes' liabilities rely on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in WYP's overall valuations.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of WYP's valuations, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of WYP's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing WYP's pension obligations are not reasonable or appropriate to WYP's circumstances. This could have a material impact to the</p> | <p><b>How we addressed this risk</b></p> <p>In relation to the valuation of WYP's defined benefit pension liability we:</p> <ul style="list-style-type: none"> <li>critically assessed the competency, objectivity and independence of the West Yorkshire Pension Fund's Actuary, Aon Hewitt and the Police Pension Scheme Actuary, Mercers;</li> <li>liaised with the auditors of the West Yorkshire Pension Fund to gain assurance that the controls in place at the Pension Fund are designed and implemented appropriately. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;</li> <li>reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PWC, the consulting actuary engaged by the National Audit Office; and</li> <li>agreed the data in the IAS 19 valuation report provided by the Funds Actuaries for accounting purposes to the pension accounting entries and disclosures in WYP's financial statements.</li> </ul> <p><b>Audit conclusion</b></p> <p>A £9.2m reduction in the pension liability was required as a result of a revised actuary report (requested and received by WYP in September 2022) in relation to the West Yorkshire Pension Fund. The Statement of Accounts have been adjusted for this amendment.</p> <p>Following the production of the draft accounts, there was a triennial review of the West Yorkshire Pension Fund as at 31 March 2022. This had a material impact on the pension liability disclosed in the accounts. West Yorkshire Police obtained an updated actuary report, and updated the accounts for the revised position.</p> <p>In addition, the updated actuary report received in May 2023 included the full historic split between the Police and Crime Commissioner and the Chief Constable (which was previously a notional split based on staff numbers). These two adjustments had the impact of reducing the pension liability by £25,921k .</p> |

# A. Further information on our audit of the financial statements

## Other findings – audit of 2021/22 financial statements

We reported one uncorrected misstatement arising from our 2021/22 audit, and two internal control recommendations, both of which were accepted by management.

# A. Further information on our audit of the financial statements

## Significant risks and audit findings – 2022/23

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

| Risk   | Our audit response and findings   |
|--|---|
| <b>Management override of controls</b><br><br>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.<br>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits. | <b>How we addressed this risk</b><br><br>We addressed this risk through performing audit work over: <ul style="list-style-type: none"><li>• Accounting estimates impacting amounts included in the financial statements;</li><li>• Consideration of identified significant transactions outside the normal course of business; and</li><li>• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.</li></ul> <b>Audit conclusion</b><br><br>We identified no significant issues to report. |

# A. Further information on our audit of the financial statements

## Significant risks and audit findings – 2022/23

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

| Risk  | Our audit response and findings  |
|---|--|
| <p><b>Net defined benefit pension asset/liability valuation</b></p> <p>The Chief Constable for West Yorkshire Police has 2 material pensions schemes: Local Government Pension Scheme (LGPS) and Police Pension Scheme (Police PS). The valuation of the pensions schemes relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Chief Constable's overall valuations. There are financial assumptions and demographic assumptions used in the calculation of the valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Chief Constable's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes. The LGPS had its last triennial valuation completed as at 31 March 2022. The Police PS had its latest valuation completed as at 31 March 2022.</p> <p>There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Chief Constable's circumstances. This could have a material impact to the net pension asset/ liability in 2022/23.</p> <p>The LGPS is in surplus in 2022/23. The pension asset is a complex calculation which incorporates a number of accounting standards including IAS19 and IFRIC 14, as well as a requirement to calculate a pension asset ceiling. This is the first time this accounting has been undertaken.</p> | <p><b>How we addressed this risk</b></p> <p>In relation to the valuation of WYP's defined benefit pension liability we:</p> <ul style="list-style-type: none"> <li>critically assessed the competency, objectivity and independence of the West Yorkshire Pension Fund's Actuary, AON and the Police Pension Scheme Actuary, Mercers);</li> <li>liaised with the auditors of the West Yorkshire Pension Fund to obtain confirmation that the controls are designed and implemented appropriately. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;</li> <li>reviewed a summary of the work performed by the West Yorkshire Pension Fund auditor on the Pension Fund investment assets, and evaluated whether the outcome of their work would affect our consideration of the Chief Constable's share of Pension Fund assets;</li> <li>obtained assurance from the West Yorkshire Pension Fund auditor in relation to the data used for the triennial valuation.</li> <li>reviewed the data submitted to the Police Pension Scheme actuary to ensure the calculations are based on complete and accurate data.</li> <li>reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuaries, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; and</li> <li>agreed the data in the IAS 19 valuation reports provided by the Funds' Actuaries for accounting purposes to the pension accounting entries and disclosures in West Yorkshire Police's financial statements.</li> </ul> <p><b>Audit conclusion</b></p> <p>The auditor of the West Yorkshire Pension Fund reported that Fund assets submitted to the actuary were £17m lower than Investment assets of the Fund per the draft financial statements. West Yorkshire Police's share of the fund is 4.86%, and therefore pension assets are understated by £825k. This was reported as an unadjusted mis-statement.</p> <p>The auditor also reported that their work had identified an adjusted understatement of pooled investment vehicles of £20.3m and equities of £0.7m. West Yorkshire Police's share of the fund is 4.86%, and therefore pension assets are understated by £1,020k. This was reported as an unadjusted mis-statement.</p> |

## A. Further information on our audit of the financial statements

### Other findings – audit of 2022/23 financial statements

We reported two uncorrected misstatements arising from our 2022/23 audit, and no internal control recommendations. We reported that there were instances of the prior year internal control weaknesses recurring.



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