

West Midlands Police Audit Progress Report and Sector Update

Audit progress report and sector updates

December 2025



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Audit Progress Report

Progress at December 2025

Financial Statements Audit & Value for Money

We issued our draft Audit Findings Report (AFR) and Annual Auditors Report (AAR) to the last Joint Audit Committee. A final AFR and AAR were issued to the Chief Constable and PCC on 31 October 2025, along with an unqualified opinion on the accounts.

The Annual Auditors report did not contain any significant weakness of Key recommendations. One improvement recommendation was raised in relation to continuing grip on addressing performance concerns as well as ensuring wider continuous performance improvement.

We have not yet issued a closure certificate, as we have not received confirmation from the NAO if they will require any audit procedures. Once this has been confirmed we will check with management whether there have been any relevant subsequent events that could impact on the certificate, and if no matters are raised, we will issue the Certificate.

2025/26 Financial Statements Audit

We are currently anticipating that the planning will start in January, with an interim visit in March. The final accounts audit is due to start in late June.

Backstop: we are required to complete our audit work for the financial year ended 31 March 2026 by the statutory backstop date of 31 January 2027.

Progress at December 2025 (cont.)

Meetings

We meet quarterly with the CFO of the PCC and CC as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Police and Crime Commissioner and Chief Constable. The next Chief Accountants Workshop is in February, and your teams will soon receive an invite to this popular event.

Further details of the publications that may be of interest to the Police and Crime Commissioner, Chief Constable and JAC members are set out in our Sector Update section of this report.

Audit Fees

PSAA have published their scale fees for 2025/26:

2025/26 audit fee scale – PSAA

For the Police and Crime Commissioner and Chief Constable's of West Midlands these fees are £146,809 for the Police and Crime Commissioner and £83,804 for the Chief Constable. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.



Audit Deliverables

Below are some of the audit deliverables planned for 2024/25

2025/26 Deliverables	Planned Date	Status
<p>Audit Plan</p> <p>We are required to issue a detailed audit plan to the Joint Audit Committee (JAC) setting out our proposed approach in order to give an opinion on the Group's 2024/25 financial statements.</p>	March 2025	Not yet due
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the Joint Audit Committee in September 2026.</p>	September 2026	Not yet due
<p>Auditor's Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on the Group's value for money arrangements.</p>	September 2026	Not yet due
<p>Auditors Report</p> <p>This includes the opinion on your financial statements.</p>	October 2026	Not yet due

Policing 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 committee members, as well as any 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:



Grant Thornton Publications
Insights from sector specialists
Accounting and regulatory updates

HMICFRS



In his third annual assessment of policing in England and Wales, Sir Andy Cooke has said now is the moment to make sure the Government's Safer Streets mission and other policing reforms are properly funded, otherwise they risk falling short. They are vital to building the public's trust and making our communities safer. The previous Home Secretary should be recognised for her determination in taking forward reform and her support of policing over many years.

There has been a renewed focus on neighbourhood policing to help forces be more visible and responsive to community concerns. While further work is needed in this area, pledges such as the Neighbourhood Policing Guarantee are welcomed and helping forces to strengthen their approach.

New structures proposed by the then Home Secretary in November 2024, including a National Centre of Policing, should also help improve police procurement and access to technology and equipment. By centralising many support functions that forces rely on, such as IT, it could improve consistency between forces and potentially lead to efficiency savings.

In previous 'State of Policing' reports, HM Chief Inspector of Constabulary Sir Andy Cooke QPM DL raised his concerns over the decline in public confidence in the police service. This year, he has said it is promising that the evidence shows that this appears to be levelling out, but policing must continue to make concerted efforts before public confidence starts to improve.

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

HMICFRS



In a new PEEL spotlight report, 'How effectively do the police record crime?', His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) found that over the past decade, forces' awareness and understanding of how to prioritise and accurately record crimes has increased.

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

Wider sector updates

A briefing for audit committees on the wider sector updates across Public Sector Audit, Financial Reporting and the responsibilities of Audit Committee members

Lessons from 2023/24 auditors' annual reports

Recommended reading for Audit Committees:

In August 2025, we published a review of 100 Auditors' Annual Reports (AARs) produced by Grant Thornton for our local government audited bodies across England. This represents about a third of all authorities in the country. The AARs offer a wealth of insights on what works, and what doesn't, when it comes to value for money and governance.

The reports in our sample showed that financial sustainability remains the major challenge for the majority of authorities. Poor governance has led to some authorities depleting their reserves and others incurring excessive borrowing, which current government policies around exceptional financial support and statutory override for dedicated schools grant deficits are not helping.

Common challenges for authorities include gaps in risk management; high vacancy rates in internal audit; de-centralised contract management; under-supported project management; and the need for stronger, timelier data on performance. For authorities with Housing Revenue Accounts, there are also significant challenges with identifying, costing and managing high volumes of backlog repairs and maintenance work needed to meet regulatory standards.

However, with this being the second year of reporting on lessons from AARs, we also charted notable examples of cases where arrangements have been strengthened since 2022/23, yielding benefits. As well as good practice questions and reminders, the report includes case studies showing better: control over transformation planning; approach to internal audit; project management; key performance indicator reporting; and rightsized workforce.

AAR findings in August 2025 can be compared to those from one year earlier by accessing the two years of full reporting here:

[Lessons from 2023/24 auditors' annual reports](#)

[Lessons from recent auditor's annual reports](#)



Autumn Budget 2025

Key information for Audit Committees to be aware of:

Chancellor Rachel Reeves delivered her second Budget on 26th November 2025. Key elements that those in the local government sector need to be aware of are:

- ❖ A High Value Council Tax Surcharge (a “Mansion Tax”) will be charged on owners of homes valued higher than £2 million. Whilst collection will be the responsibility of councils, the revenues will flow directly to central government.
- ❖ Strategic Authority Mayors in England will be empowered to impose a tourist tax on overnight stays. New systems may be needed for compliance and enforcement.
- ❖ The two-child benefit cap will cease to apply from April 2026, which may mitigate some demand pressures for housing and social care.
- ❖ A new electric vehicle (EV) mileage tax will be introduced, with the promise of doubling future road maintenance funding, but new risks for net zero goals if the public turn away from using EVs.
- ❖ The Government commits to devolve at least £13 billion of funding to seven major combined authorities and to create £902 million over four years for local growth funds in 11 Northern and Midlands city regions.
- ❖ Future Special Educational Needs and Disabilities (SEND) costs are to be managed by government once the statutory override ends on 31st March 2028. Cumulative deficits at this point will remain with the relevant councils.

For the full Budget, with supporting documents, see: [Budget 2025 - GOV.UK](https://www.gov.uk/government/speeches/budget-2025)

For the Chancellor’s speech, see [Budget 2025 speech - GOV.UK](https://www.gov.uk/government/speeches/budget-2025-speech)



The Local Authority Backstop

Key information for Audit Committees to be aware of:

On 5th June 2025, the National Audit Office published [Local Audit Reset and Recovery Implementation Guidance \(LARRIG 06I\)](#). This followed on from the fact that on 28 February 2025, approximately 40% of local authorities received an unqualified opinion on their financial statements for 2023/24; and the remaining 60% of audits were disclaimed as auditors had not been able to conclude work by the deadline.

We are pleased to report that Grant Thornton issued unqualified opinions on 65% of our local authority audits, well ahead of the national average. Nevertheless, all Audit Committees need to be aware of work currently ongoing across the sector to help rebuild assurance for stakeholders.

How you can support us

Timely preparation of draft accounts and high quality supporting working papers is fundamental to the success of audit closedown. We look for all local authorities to prioritise this in enabling the sector to return to balance. In addition, agreeing timescales for build back work will also be key.

An audit approach to build back assurance on financial statements

The LARRIG provides principles as well as indicative procedures which, with the application of professional judgement, enable the auditor to regain assurance in respect of opening balances. These include a framework for auditors to:

- ❖ Assess risk at an entity wide level
- ❖ Assess risk at a line-item level including in respect of specific balances and reserves
- ❖ Determine a response to risk, including appropriate testing of prior year transactions.

This will enable auditors to undertake audit work in respect of old year transactions (e.g. years which were not subject to an audit). Without that work, there would be uncertainty as whether reserves are properly accounted for.

Future Webinar for Audit Committee members



We plan to hold a webinar for members of Audit Committees on 10th February 2026. Invitations will be available shortly on our website or can be obtained from your Engagement Lead or Audit Manager.

We will be hearing from two external speakers on best steps to take “After the Backstop”. With them, we will be discussing:

- ❖ Adding value to the financial reporting function; and
- ❖ How to navigate the external audit process with success.

We will also be covering latest developments in proposed reforms to the audit framework; updates on the new Local Audit Office; and what best to focus on while waiting for new audit arrangements to be finalised.

Join us to welcome-in 2026 and to plan good habits for the financial years ahead.

We look forward to seeing you.

Annual Local Government Accounts Webinar

We hold annual local government accounts webinars to help preparers meet their statutory deadlines and work effectively with auditors. We plan to host the next webinars on Thursday 5th February and Wednesday 11th February 2026 from 10.00am until 3.00pm.

Invitations will be available shortly on our website or can be obtained from your Engagement Lead or Audit Manager.

Specific aspects of the webinars will include:

- ❖ Practical considerations for working effectively with your auditors in shortening timescales, and reminders of what good supporting analysis and evidence looks like;
- ❖ Lessons from the implementation of IFRS 16, with good practice tips for Year Two;
- ❖ Avoiding pitfalls in financial instruments;
- ❖ Other common accounting and disclosure issues;
- ❖ The use of indexation for property, plant and equipment for 2025/26; and
- ❖ Revised statutory guidance affecting Minimum Revenue Provision.

It is critical to plan for the audit process as early as possible; and helpful to think ahead about how you can prepare. Your audit team can provide tools to ensure that key areas are considered before your audit is underway:

- ❖ Accounts consistency checker – to help local government bodies check consistency of key accounting entries and disclosures within the financial statements, and identify any anomalies to address before publishing draft statements of accounts; and
- ❖ Financial reporting issues checklist – covering the most frequent issues arising from our reviews of local authority financial statements and setting out questions to help local government bodies with their own quality checks as they prepare financial statements.



Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

Public Sector Internal Audit Standards

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

- Audit Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

- Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

- Financial Management Code

<https://www.cipfa.org/fmcode>

- Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

- Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>



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