

# **Joint Audit Plan for West Midlands Police and Crime Commissioner and West Midlands Police Chief Constable**

Year ending 31 March 2026

16 March 2026



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# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of West Midlands Police and Crime Commissioner ('the PCC') and group, and West Midlands Police Chief Constable ('the Chief Constable') for those charged with governance. Those charged with governance are the Police and Crime Commissioner and the Chief Constable as each is a corporation sole.

## Respective responsibilities

The National Audit Office ('the NAO') Code of Audit Practice 2024 ('the Code') summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the PCC and Chief Constable. We draw your attention to these documents.



## Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the PCC's, group's and Chief Constable's financial statements that have been prepared by management with the oversight of those charged with governance; and we consider whether there are sufficient arrangements in place at the PCC and the Chief Constable for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or those charged with governance of your responsibilities. It is the responsibility of the PCC and the Chief Constable to ensure that proper arrangements are in place for the conduct of their business, and that public money is safeguarded and properly accounted for. We have considered how the PCC and Chief Constable are fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the PCC's and Chief Constable's business and is risk based.

# Introduction and headlines (continued)

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error, have been identified as:

- Management override of controls (PCC & CC)
- Valuation of the PCC's land and buildings
- Valuation of the Chief Constable's gross pension liability (Police Pension Scheme and Local Government Pension Scheme)

We will communicate significant findings on these areas, as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £17.8m (PY £15.3m) for the Group which equates to 2% of the prior year gross expenditure for the year, £17.7m (PY £16.6m) for the PCC, and £17.3m (PY £15m) for the Chief Constable. We will use the lowest materiality (£17.3m) for the purposes of our audit testing.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Clearly trivial has been set at £865k (PY £750k).

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure economy, efficiency and effectiveness in the use of resources has identified a risk of significant weakness in relation to governance arrangements. Further information is included on page 24.

## Group Audit

The PCC is required to prepare group financial statements that consolidate the financial information of the PCC and Chief Constable.

## Audit logistics

Our interim visit will take place in March and April and our final visit will take place from July. Our key deliverables are this Joint Audit Plan, our Joint Audit Findings Report, Joint Auditor's Annual Report and Audit Opinions.

Our proposed (scale) fee for the audit will be £146,809 (PY 157,411 tbc) for the PCC and group, and £83,804 (PY £84,266 tbc) for the Chief Constable, subject to the PCC and Chief Constable delivering good sets of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

# The Backstop

## The Future of the Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027; and
- for years ended 31 March 2028 by 30 November 2028.

The Regulations are supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced to clear the backlog of historic financial statements and support the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

## Our Work

In order to achieve the statutory deadlines for the next two financial years, we will be working towards an internal deadline for 2025/26 of 30 November 2026, as a dry run for future years. We ask you to assist us with this ambition by setting appropriate meetings in advance of the end of November 2026, to enable the financial statements to be authorised and signed, and allow us to issue our audit report by that date. We note that the NAO has already set a requirement that our Value for Money (VfM) work is completed by 30 November each year which has been set to align with the upcoming deadline for the financial statements.

Whilst we recognise that the formal deadline for you as a local authority to publish your draft accounts is 30 June 2026, we feel an important first step towards achieving closure by the end of November is to complete early testing wherever possible. With this in mind, we will look to undertake more significant early testing during our interim audit visit. We will also look to complete initial sample selection and testing at several audited bodies, starting as early as 15 June.

We will engage early with your finance team to clearly set out our expectations and what is needed to make a success of these plans, and we ask that you work with us to achieve this. MHCLG have asked us as a firm to report by 31 July 2026, on a case by case basis, our assessment of local authorities' ability to both maintain and where necessary rebuild assurance. Having a clear, agreed project plan to complete our work on both the financial statements and the VfM by the end of November 2026 is a key part of this assurance.

# Significant risks identified

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

Significant risk	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p><b>Risk Relates to</b> CC &amp; PCC</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<ul style="list-style-type: none"> <li>• Review of accounting estimates, critical judgements and significant decisions made by management</li> <li>• Evaluate the design and implementation of controls</li> <li>• Review of accounting policies and any changes to those policies</li> <li>• Testing of journals entries for appropriateness</li> <li>• Review of unusual significant transactions</li> </ul>



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p> <p><b>Risk Relates to</b></p> <p>N/A</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the CC and PCC, we have determined that the risk of fraud arising from revenue recognition for all revenue streams can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited; and</li> <li>• the culture and ethical frameworks of police bodies, including the CC and PCC group, mean that all forms of fraud are seen as unacceptable.</li> </ul>	<p>We do not consider this to be a significant risk for the CC or the PCC, and standard audit procedures will be carried out.</p> <p>We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The expenditure cycle includes fraudulent transactions</p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p> <p><b>Risk Relates to</b></p> <p>N/A</p>	<p>We have identified and completed a risk assessment of all expenditure streams for the PCC and CC.</p> <p>We have assessed the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams, and do not consider that there is such a risk present.</p> <p>This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.</p>	<p>We do not consider this to be a significant risk for the PCC or the CC, and standard audit procedures will be carried out.</p> <p>We will keep this assessment under review throughout the audit to ensure this judgement remains appropriate.</p>

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of land and buildings</p> <p>The valuation represents a significant estimate by management in the financial statements due to the size of the values involved and judgement required to estimate values based on source data (such as floor areas and costing of in-year improvements) and subjective inputs (such as the location factor). We have therefore identified the valuation of land and buildings as a significant</p> <p><b>Risk Relates to</b> PCC</p>	<p>The CIPFA Code introduces new requirements on the approach to valuation of assets, effectively introducing the requirement to use indices as a basis of valuation on the intervening years between full valuations.</p> <p>We consider the valuation of land and buildings to be a significant risk, which was one of the most significant assessed risk of material misstatement.</p>	<p>We will</p> <ul style="list-style-type: none"> <li>consider how the PCC is complying with the new Code requirements and the processes and procedures being put in place to ensure that the PCC's property valuations are not materially misstated and evaluate the design of the associated controls;</li> <li>evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuer, and the scope of their work;</li> <li>gain an understanding of how management experts have been involved in the valuation;</li> <li>evaluate the competence, capabilities and objectivity of the valuation expert and write to the valuer to confirm the basis of his involvement and the assumptions made; and</li> <li>test the accounting for the revaluations on a sample basis.</li> </ul>



Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements, management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of the pension fund gross liability</p> <p>The Chief Constable's gross pension liability (made up of both the Local Government Pension Scheme [LGPS] and Police Pension Scheme [PPS]), as reflected in its balance sheet, represents a significant estimate in the financial statements due to the size of the numbers involved, and sensitivity of the estimate to changes in the key assumptions.</p> <p>The application of the credit ceiling in the LGPS scheme has made the net liability relatively immaterial in recent years.</p> <p><b>Risk Relates to</b></p> <p>CC</p>	<p>We have identified the valuation of the gross liability related to defined benefit pension schemes as a significant risk, which was one of the most significant assessed risk of material misstatement.</p> <p>We note that in the previous year, the PCC's gross assets and gross liability were not material, and on this basis, we do not consider that there is a significant risk of material misstatement in the PCC's balances.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>document our understanding and evaluate the processes and controls put in place by management to ensure that the Chief Constable's pension fund liability is not materially misstated</li> <li>assess the competence, capabilities and objectivity of the actuaries who carried out the pension fund valuations;</li> <li>assess the accuracy and completeness of the information provided to the actuaries to estimate the liabilities;</li> <li>test the consistency of the pension fund disclosures in the notes to the core financial statements with the actuarial reports;</li> <li>undertake procedures to confirm the reasonableness of the actuarial assumptions; and</li> <li>obtain assurances from the auditor of the West Midlands Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data</li> </ul>

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Reports and Annual Governance Statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the PCC and Chief Constable.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statements are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
  - issuing a report in the public interest or written recommendations to the PCC Group and Chief Constable. under section 24 of the Local Audit and Accountability Act 2014 (the Act)
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
  - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audits.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

# Scope of group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Risk of material misstatement to the group	Auditor	Audit scope	Statutory audit
West Midlands PCC	Yes	Grant Thornton UK	Audit of the entire financial information of the component	Yes
West Midlands CC	Yes	Grant Thornton UK	Audit of the entire financial information of the component	Yes

## Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

# Our approach to materiality

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

## Description

## Planned audit procedures

### Determination

We have determined planning materiality (financial statement materiality) at the planning stage of the audit based on professional judgement in the context of our knowledge of the PCC and CC, including consideration of factors such as public expectations, industry developments, financial stability and reporting requirements for the financial statements.

We determine planning materiality to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes
- assist in evaluating the effect of known and likely misstatements in the financial statements.

### Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements.

An item may be considered to be material by nature when it relates to instances where greater precision is required (eg senior officer remuneration)

### Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process.

We reconsider planning materiality on receipt of the draft statement of accounts and if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

# Our approach to materiality (continued)

	<b>Amount (£)</b>	<b>Qualitative factors considered</b>
Materiality for the group financial statements	£17,800,000	This assessment reflects the fact that the group operates in a stable, publicly funded environment, and no significant control deficiencies have been identified in the course of our audit planning.
Materiality for the CC financial statements	£17,700,000	Whilst we calculate separate materiality levels for the group, the PCC, and the Chief Constable, we will use the lowest of the three (the Chief Constable's materiality) as the basis for our overall financial statements audit.
Materiality for the PCC financial statements	£17,300,000	
Materiality for specific transactions, balances or disclosures relating to senior officer remuneration	£44,000	This reflects the wider public interest in the disclosure and its sensitive nature.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

# Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the PCC's and Chief Constable's financial statements, which resulted in recommendations being reported in our 2024/25 Audit Findings Report as set out below. We are pleased to report that management have considered all of our recommendations. For many we will consider the adequacy of management response as part of our detailed work this year, as set out below.

	<b>Issue and risk previously communicated</b>	<b>Update on actions taken to address the issue(s)</b>
1	<p>Within Oracle we identified 8 users with elevated access to configure the system parameters and 1 user with the ability to both configure the system parameters and administer the end user security. This is considered a segregation of duties conflict, and creates a risk that system-enforced controls could be bypassed.</p> <p>Access should be based on the principle of least privilege and commensurate with job responsibilities. Management should consider the appropriate level of access of all individuals and remove any unnecessary access.</p>	<p><b>Management response:</b></p> <p>Management has provided detail of specific actions taken to address the recommendations made.</p> <p><b>GT comments</b></p> <p>As this was a high risk recommendation, our IT specialist will consider the adequacy of the response as part of our planned IT work.</p>

# Progress against prior year audit recommendations (continued)

Issue and risk previously communicated	Update on actions taken to address the issue(s)
<p>2 Within Itrent we identified issues with access controls, activity monitoring, and a lack of regular reviews to mitigate risks associated with administrative access rights within the system. A combination of administration and financial privileges, including generic accounts and third-party accounts, creates a risk that system-enforced internal controls can be bypassed.</p> <p>Access should be based on the principle of least privilege and commensurate with job responsibilities. Management should consider the appropriate level of access of all individuals and remove any unnecessary access.</p>	<p><b>Management response:</b></p> <p>Management has provided detail of specific actions taken to address the recommendations made.</p> <p><b>GT comments</b></p> <p>As this was a high risk recommendation, our IT specialist will consider the adequacy of the response as part of our planned IT work.</p>
<p>3 During our review of iTrent we identified that internal change requests can be raised and approved without appropriate documented Approvals. Without a formal change request approval process, there are a variety of risks that could arise including unauthorised changes, a lack of accountability, and operational disruptions.</p> <p>Management should undertake a stricter approval process for internal change request to ensure proper oversight. Improvements could also be made to the storage of change documentation.</p>	<p><b>Management Response</b></p> <p>Management has provided detail of specific actions taken to address the recommendations made.</p> <p><b>GT comments</b></p> <p>As this was a medium risk recommendation, our IT specialist will consider the adequacy of the response as part of our planned IT work.</p>

# Progress against prior year audit recommendations (continued)

Issue and risk previously communicated	Update on actions taken to address the issue(s)
<p>4 On receipt of valuations from the external valuer, management will review these valuations prior to applying the valuations to the fixed asset register (and the accounts). There is limited documentary evidence of this review and challenge of the valuer by management.</p> <p>Management should more fully document this review, and any challenge and management has confirmed that a sensitivity analysis will be performed for the 2025/26 audit sufficient to reassure management that the assumptions are reasonable and lead to valuations which are not materially misleading for the reader of the accounts</p>	<p><b>Management response</b></p> <p>Emails were provided to evidence challenge of the valuer and there was confirmation that SMEs within the Force had reviewed the valuations.</p> <p><b>GT comments</b></p> <p>In line with the Code, indices will be used this year as the basis of valuations, and we anticipate that valuer support will be relied upon for this. We will consider the adequacy of the controls in place and evidence to support the check and challenge of the valuer information as part of our 2025/26 work.</p>
<p>5 The listing currently provided to the valuer as the basis of GIA for the valuations is dated 2018 but cannot be corroborated to having been signed off by someone appropriately qualified.</p> <p>Management needs to have a clear analysis of floor areas prepared by someone appropriately qualified - to be provided to the external valuer to support the basis of the GIAs.</p>	<p><b>Management response</b></p> <p>Floor areas are expected to be reviewed in preparation for the next full revaluation.</p> <p><b>GT comments</b></p> <p>We will review again where relevant as part of our 2025/26 detailed testing.</p>
<p>6 The policy for UELs is not consistent with those in the Fixed Asset Register (FAR). In addition, the UELs in the FAR have not been updated to reflect the full valuation this year.</p> <p>Management should review useful lives for reasonableness in the FAR and as stated in the accounting policy for the various types of assets.</p> <p>Management should undertake an annual exercise to confirm assets are still in use.</p>	<p><b>Management Response</b></p> <p>UELs are reviewed for assets held at valuation when a full revaluation is completed. They are included in the review of assets held at cost as part of the annual exercise to confirm assets are still in use which has been carried out annually for at least 10 years.</p> <p><b>GT comments</b></p> <p>We will review again as part of our 2025/26 detailed testing</p>

# Progress against prior year audit recommendations (continued)

Issue and risk previously communicated	Update on actions taken to address the issue(s)
<p>7 Mandatory Cyber security training is limited to new employees. Staff who have been in post for some time may not be fully aware of the risks or internal procedures to protect against cyber crime within the force.</p> <p>There should be mandatory Cybersecurity training in place and a monitoring process in place for completion of Cyber security training, for all staff not just for new employees.</p>	<p><b>Management response</b></p> <ul style="list-style-type: none"> <li>• Mandatory Data Protection e-learning was launched at the end of 2024 for all computer users. Completions were monitored and tracked via Commissioning Governance Board and 91% completion was achieved, the remaining 9% accounts for non-computer users or those long term sick. A new product is being created for refreshing this content and is due to launch later this year.</li> <li>• Mandatory e-learning for all computer users as part of the Windows 11 roll out incorporates elements of cyber security including password management, Bluetooth security, security incidents, device encryption, device security</li> <li>• IT periodically send out test phishing emails and provide further training to anyone who fails.</li> </ul> <p><b>GT Comments</b></p> <p>Management comments suggest the matter has been addressed. We will follow up as part of our interim work.</p>
<p>8 We have a concern around the extent of expertise and responsibility focused on one individual, who can post journals, has administrator access, can make changes to Oracle in exceptional circumstances, and also creates the listings of journals for review.</p> <p>Management should consider segregation of duties and the wider risks associated with so much responsibility and knowledge resting on one individual.</p>	<p><b>Management response</b></p> <ol style="list-style-type: none"> <li>a) Any user who has General Ledger Accountancy access can post journals.</li> <li>b) 3 users have Financial Administrator Access and further access can be requested via IT&amp;D helpdesk if necessary.</li> <li>c) The exceptional circumstances are deemed to be allocation of the Accounts Payables Manager to the new P2P Service Delivery Manager when period end closure was running late. The ability to allocate roles is now restricted to nominated individuals from IT&amp;D Department only. See item 1 for audit checks on usage of Financial Administrator access.</li> <li>d) The listings of journals for review also contains a sheet showing all journals. This listing is the upload used to feed data into Qlik for monitoring purposes which is reconciled every month to Oracle's Detail Balances screen and Oracle's Trial Balance - and both of which are available to any user who has General Ledger Accountancy access.</li> </ol> <p><b>GT comments</b></p> <p>We will consider management responses as part of our work.</p>

# Progress against prior year audit recommendations (continued)

	Issue and risk previously communicated	Update on actions taken to address the issue(s)
9	<p>It was difficult to relate the WMROCU (note 8) supporting working papers to the accounts. Questions around the grant allocation resulted in amendments to the grant note (13).</p> <p>Management should ensure that there is a clearer audit trail between the WROCU note and the force accounts.</p>	<p><b>Management response</b></p> <p>ROCU grants will be more clearly identified to associate with their inclusion or otherwise within the ROCU operating model and therefore the note.</p> <p><b>GT comments</b></p> <p>We will review as part of our detailed work in 2025/26</p>
10	<p>A direct award for a contract was made along with a £10m prepayment, without evidence of financial checks being undertaken on the supplier. This was an unusual transaction, and in the circumstances, we would expect that some financial checks would have been made. There is a risk that the supplier could become insolvent, the goods not be supplied with the cash payment lost.</p> <p>Management should review the procedures in place for vetting suppliers when direct awards are made and consider what financial checks should be when making significant prepayments.</p>	<p>Management Response</p> <ul style="list-style-type: none"> <li>• This was a very unusual case and we do not normally make prepayments to suppliers.</li> <li>• The Home Office undertook their own due diligence on the supplier in question, however this report is not able to be shared due to the security classification.</li> <li>• As part of tendering process and award of any contract we do undertake financial checks and any new supplier added to the Oracle System has an Experian report undertaken. We also monitor financial standing of all contracted suppliers through Experian.</li> </ul> <p><b>GT Comments</b></p> <p>Management response noted</p>

# IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. We plan to rely on the operation of those business process controls and will therefore also carry out testing on the operation of the ITGCs in use to mitigate the risks from IT relevant to those controls. This is to gain assurance that the relevant controls have been operating effectively throughout the period.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

<b>IT application</b>	<b>Audit area</b>	<b>Planned level IT audit assessment</b>
Oracle Fusion	Financial reporting	ITGC assessment (design and implementation effectiveness only)
iTrent	Payroll	ITGC assessment (design and implementation effectiveness only)
Altair	Pensions	ITGC assessment (design and implementation effectiveness only)

# Value for Money Arrangements

## Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the PCC and CC have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

### Financial sustainability

How the PCC Group and CC plans and manages its resources to ensure it can continue to deliver its services.



### Governance

How the PCC Group and CC ensures that it makes informed decisions and properly manages its risks.



### Improving economy, efficiency and effectiveness

How the PCC Group and CC uses information about its costs and performance to improve the way it manages and delivers its services.



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

# Risks of significant weakness in VFM arrangements

## Risk assessment of the group's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	<p><b>G</b></p> <p>No significant weakness in arrangements identified.</p> <p>No improvement recommendations made.</p>	No risks of significant weakness identified	<p>As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage.</p> <p>We will undertake sufficient work to document our understanding of your arrangements as required by the Code.</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

# Risks of significant weakness in VFM arrangements

## (continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
<b>Governance</b>	<p><b>G</b></p> <p>No significant weakness in arrangements identified.</p> <p>No improvement recommendations made.</p>	<p>We are aware that independent reviews are ongoing at the time of the report both by the Independent Office for Police Conduct and by HMICFRS (with initial findings published on 14 January 2026). These reviews relate to the arrangements supporting the recommendations made by WMP to Birmingham's Safety Advisory Group in relation to the Aston Villa v Maccabi Tel Aviv fixture on 6 November 2025.</p> <p>We have identified a risk of significant weakness in arrangements relating to Governance.</p>	<p>We will consider the findings of the independent reviews once these are available, and consider what further work might be appropriate.</p> <p>We will also undertake sufficient work to document our understanding of your wider arrangements as required by the Code.</p>
<b>Improving economy, efficiency and effectiveness</b>	<p><b>A</b></p> <p>No risks of significant weakness reported.</p> <p>Improvement recommendation in relation to continuing grip on addressing performance concerns and ensuring wider continuous improvement.</p>	<p>No risk of significant weakness identified from our planning work in relation to arrangements to improve economy, efficiency and effectiveness</p>	<p>As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage.</p> <p>We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up the improvement recommendation we raised last year.</p>

# Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the group's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the group's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

## Potential types of recommendations



### Statutory recommendation

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



### Key recommendation

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

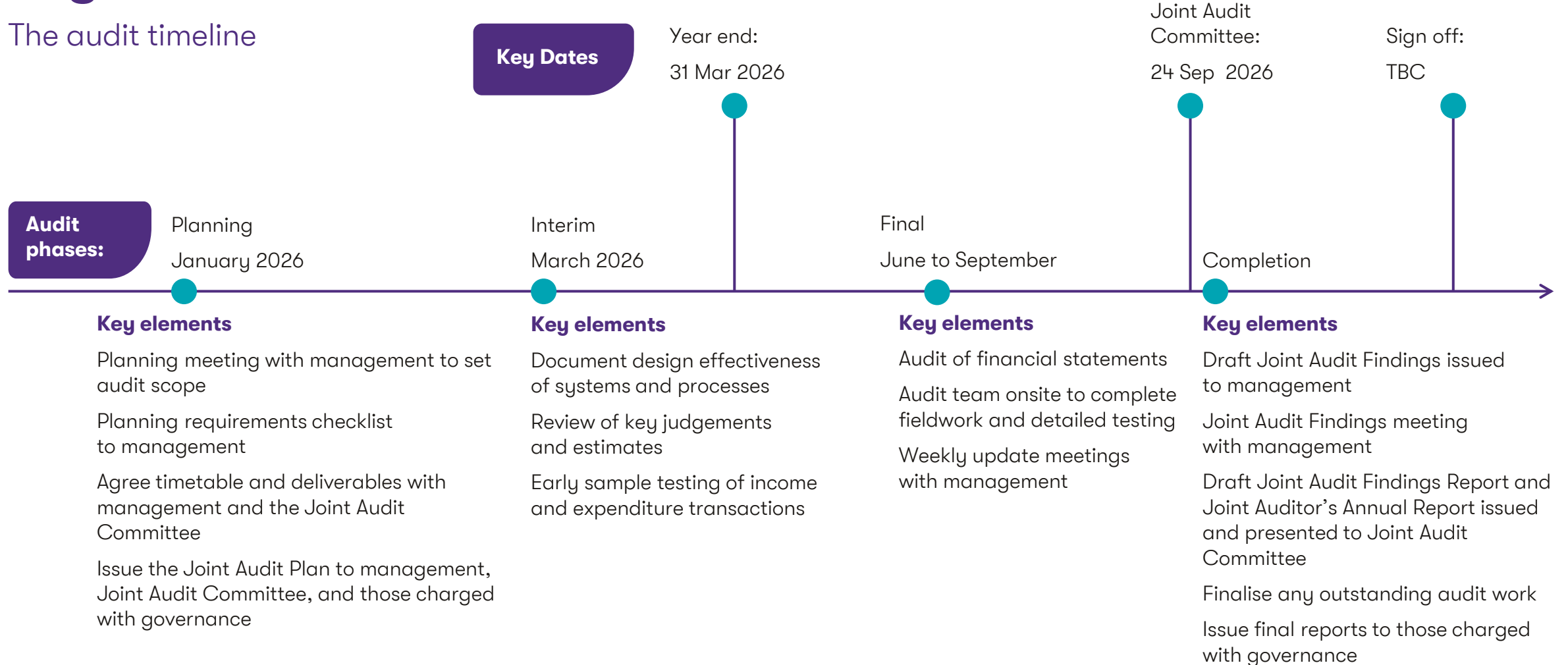


### Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

# Logistics

## The audit timeline



# Our team and communications

## Grant Thornton core team

### Laurelin Griffiths

Engagement Lead/  
Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

### Zoe Thomas

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

### Oyin Yemidale

Audit Senior / In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

Pool of specialists and other technical specialists (e.g. IT audit)

	Service delivery	Audit reporting	Audit progress	Technical support
<b>Formal communications</b>	<ul style="list-style-type: none"> <li>• Client service review</li> </ul>	<ul style="list-style-type: none"> <li>• The Joint Audit Plan</li> <li>• Audit Progress and Sector Update Reports</li> <li>• The Joint Audit Findings</li> <li>• Joint Auditor's Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>• Audit planning meetings</li> <li>• Audit clearance meetings</li> <li>• Communication of issues log</li> </ul>	<ul style="list-style-type: none"> <li>• Technical updates</li> </ul>
<b>Informal communications</b>	<ul style="list-style-type: none"> <li>• Open channel for discussion</li> </ul>		<ul style="list-style-type: none"> <li>• Communication of audit issues as they arise</li> </ul>	<ul style="list-style-type: none"> <li>• Notification of up-coming issues</li> </ul>

# Our fee estimate

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

## PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the PCC and CC to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £146,809 PCC and £83,804 CC.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

## Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

# Our fee estimate (continued)

## Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the PCC and CC will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
  - Valuation of land and buildings, including specific valuations requested in 2025/26 and any advice on the indices used to comply with the new Code requirements on annual valuations.
  - Actuarial valuation of both the PPS and LGPS pension liabilities.

## Previous year

In 2024/25 the scale fee set by PSAA was £142,810 (PCC) and £81,522 (CC). The proposed final fee for the audit was £157,411 (PCC) and £84,266 (CC), reflecting additional fees for work on PPE (including auditor valuer fees) work on IFRS16 implementation, and additional work on senior officer remuneration and pensions.

	<b>Audit Fee for 2024/25 (£)</b>	<b>Proposed fee for 2025/26 (£)</b>
West Midlands PCC group audit	157,411*	146,809
West Midlands Police Chief Constable audit	84,266*	83,804
<b>Total (Exc. VAT)</b>	<b>241,677</b>	<b>230,613</b>

\* includes fee variation tbc PSAA

# Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, and managers). In this context, there are no matters that we are required to report.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We have no matters to report.

We confirm that there are no significant facts or matters that impact our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have not supplied any non-audit services to either the PCC or the Chief Constable from the beginning of the financial year to the date of this report.

# Independence considerations (continued)

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

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

# Communication of audit matters with those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the PCC's and CC's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●

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

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audits, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audits, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

## Respective responsibilities

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

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

# Communication of audit matters with those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

# 15 Appendices

# Financial reporting changes

## Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

## New or revised accounting standards that are re expected to be adopted by the CIPFA Code in future years.

### Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

## Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

## IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from [2027/28](#).



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