

HUMBERSIDE POLICE AND CRIME PANEL

DATE	4 October 2021
REPORT OF	Chief Finance Officer, Office of the Police and Crime Commissioner (OPCC)
SUBJECT	Annual Accounts Audit 2020/21
STATUS	Open

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide the Police and Crime Panel with an update on the latest position in relation to the Annual Accounts Audit for 2020/21.

2. RECOMMENDATIONS

- 2.1 It is recommended that Members of the Police and Crime Panel use this report as background information to support in oversight of the work of the PCC.

3. ANNUAL ACCOUNTS AUDIT 2020/21

- 3.1 The statutory timetable for the 2020/21 Accounts is for the Chief Finance Officer to sign the Accounts by 31 July 2021 (this was completed on 19 July 2021) and for the audit to be completed by 30 September 2021.
- 3.2 The statutory notice for the public inspection of the Accounts was advertised and the inspection period ran for 30 working days from 20 July 2021.
- 3.3 In the wider local government audit market there are currently a number of significant factors at a national level as follows:-
 - a significant backlog of delayed 2019/20 audit opinions which are still outstanding;
 - a shortage of audit staff with the requisite skills and experience, further exacerbated by high attrition rates;
 - more demanding regulatory requirements which increase the time and resources needed to complete each audit;
 - local bodies entering more frequently into innovative transactions which require detailed examination by auditors; and
 - the challenges posed by the pandemic, including its implications for auditors' risk assessment and their work in relation to the financial resilience of bodies.

- 3.4 The external auditors responsible for the Humberside Police audit are Mazars. They have experienced some of the issues reported in the list above which has impacted their ability to deliver an audit opinion by 30 September 2021. Mazars have prioritised their resourcing to enable the audit to start on 13 September 2021. This will likely allow an audit opinion and completion by approximately mid-November 2021.
- 3.5 This situation has been closely monitored by the PCC's CFO and the CC's CFO. This has resulted in a formal request for an explanation from Mazars and also a meeting with Public Sector Audit Appointments (PSAA) (who have responsibility for the appointment of auditors for local government) which included the PCC for Humberside to raise our concerns at the highest level.
- 3.6 Ultimately, the picture is one of market failure at a national level which PSAA are hoping to address as part of the tendering arrangements for the next appointments from 1 April 2023.

4. NEXT STEPS

4.1 The next steps in the process are as follows:-

- 13 September – commencement of the audit by Mazars;
- Late-October – completion of the audit by Mazars;
- 1 November – Joint Independent Audit Committee (JIAC) receive the auditor's opinion and the final set of Accounts 2020/21;
- Mid-November – audit opinion and published audited Accounts for 2020/21;
- Late-November – public notice published to close the audit for 2020/21.

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Office of the Police and Crime Commissioner for Humberside