



# The Police and Crime Commissioner for Bedfordshire/ The Chief Constable for Bedfordshire Police

Draft Auditor's Annual Report : Years ended 31 March 2022 and 31 March 2023

Report to the Joint Audit Committee

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# Welcome

## Executive Summary

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This Auditor's Annual Report provides a summary of the key issues arising from our audit of Police and Crime Commissioner for Bedfordshire (the "PCC") and the Chief Constable for Bedfordshire Police (the "CC") for the year ended 31 March 2022 and 31 March 2023.

### Financial statements

We plan to issue the following opinions on the PCC Group and CC's financial statements on the following dates:

- Year ended 31 March 2022, disclaimer opinion by 13 December 2024.
- Year ended 31 March 2023, disclaimer opinion by 13 December 2024.

Where we have issued a disclaimer of opinion it is due to the legislated backstop date. To clear the backlog of historical accounts and 'reset' the system, the Accounts and Audit (Amendment) Regulations 2024 require local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 ('the backstop date'). In addition, the National Audit Office has made changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published

### Value for money

The revised Code of Audit Practice 2024 that has been laid in Parliament and has come into force on 14 November 2024. The revised Code allows auditors to issue a combined commentary on value for money arrangements for outstanding audits up to and including 2022/23 in a single report against a reduced set of criteria, focused on financial sustainability and governance arrangements. We have not identified any significant weaknesses in respect of the PCC and CC's arrangements for securing economy, efficiency and effectiveness in its use of resources having regard to the specified criteria in the Code.

### Other reporting

We did not consider it necessary to use our auditor powers or report on other matters.

The contents of this report relate only to those matters which we are required to report under the draft NAO Code of Audit Practice (September 2024). This report has been prepared solely for the use of the PCC and CC and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person.



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# Purpose and responsibilities

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### Purpose of the Auditor's Annual Report

This Auditor's Annual Report summarises the key issues arising from the work that we have carried out in respect of the years ended 31 March 2022 and 31 March 2023.

It is addressed to the Police and Crime Commissioner and Chief Constable but is also intended to communicate the key findings we have identified to key external stakeholders and members of the public.

### Responsibilities of the PCC/CC

It is the responsibility of the PCC and CC to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

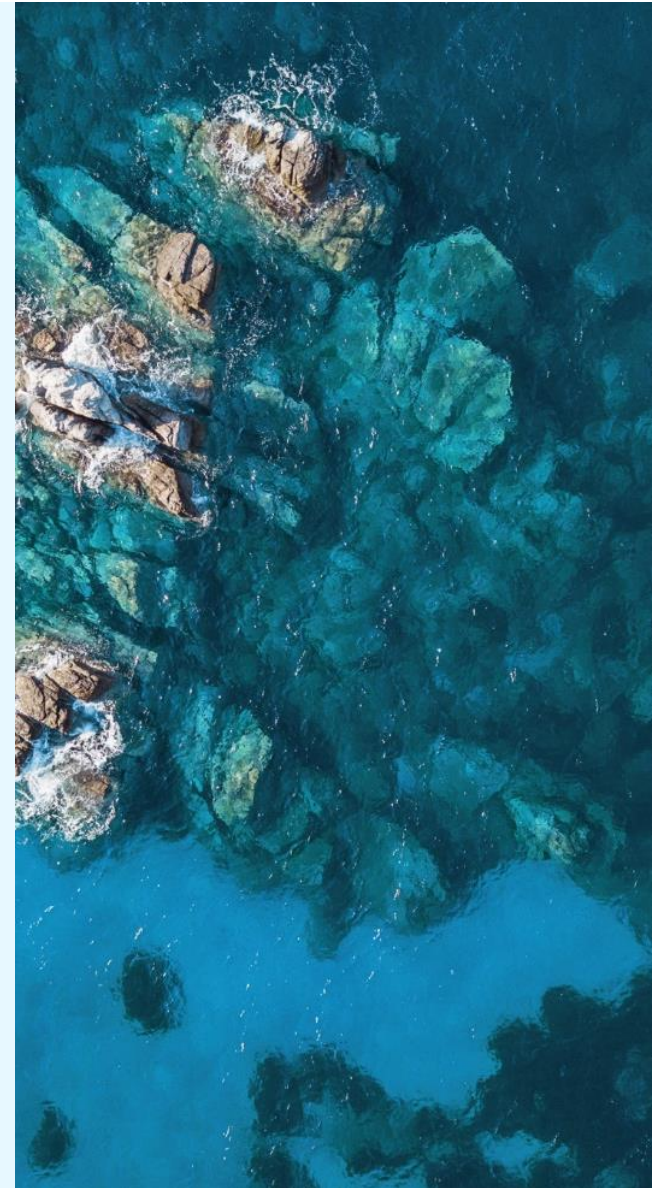
The PCC and CC is also responsible for preparing and publishing its financial statements, annual report and governance statement.

### Responsibilities of auditors

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's (NAO's) draft Code of Audit Practice - September 2024 (the 'Code').

Under the Code, we are required to review and report on:

- Whether the financial statements give a true and fair view of the financial position of the PCC and CC and of its income and expenditure for the year and have been properly prepared in accordance with the relevant legislation;
- Whether the other information published together with the financial statements is consistent with the financial statements;
- Whether the governance statement complies with the guidance issued;
- Whether the PCC and CC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- Where appropriate, make statutory recommendations, refer matters to the Secretary of State or issue a Public Interest Report.



# Financial statements

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### **Audit conclusion - year ended 31 March 2022 and 31 March 2023**

We will issue a disclaimer audit opinion on the financial statements by 13 December 2024.

This means that we are unable to conclude that the Authority's financial statements for the years ended 31 March 2022 and 31 March 2023 are free from material misstatement.

### **Significant deficiencies in controls**

We did not identify any significant control deficiencies during the audit of the financial statements.

### **Audit differences**

The audit identified no material misstatements.

### **Disclaimed audits**

For the years ended 31 March 2022 and 31 March 2023 we will issue a disclaimer of opinion on the financial statements by 13 December 2024.

These were disclaimed because of the legislated backstop date. To clear the backlog of historical accounts and 'reset' the system, the Accounts and Audit (Amendment) Regulations 2024 require local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 ('the backstop date'). In addition, the National Audit Office has made changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published.

### **Significant difficulties in undertaking the audit**

Where auditors have reported under ISA(UK) 260 on delays to the audit opinion or significant difficulties encountered when undertaking their work, these should be reflected in the Auditor's Annual Report unless the auditor judges that public disclosure would not be appropriate. We have not experienced any such difficulties.

# Value for Money

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### Scope

We are required to review and report on the PCC and CC's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in these arrangements, we are required to report this in the auditor's report included in the financial statements and to make recommendations for improvement in the Auditor's Annual Report.

### Specified criteria

The NAO has issued guidance for auditors to report against three specified reporting criteria:

- Financial sustainability - planning and managing resources to ensure the PCC and CC can continue to deliver its services
- Governance - informed decisions and properly managing risks

The NAO guidance also includes a number of further areas for review within each criteria to allow the auditor to assess those arrangements.

This scope covers audits for the years 2021/22 and 2022/23 inclusive and represents a reduction in scope compared to the 2020 Code previously in force.

### Risk assessment

Our risk assessment did identify the following potential significant weaknesses:

- Financial sustainability - There is a risk that the Force may not have adequate arrangements in place to plan and manage its resources to ensure it can continue to deliver

### Audit conclusion

We have not identified any significant weaknesses in the PCC and CC's arrangements for securing economy, efficiency and effectiveness in its use of resources.

For the two financial years covered by this report, we had no matters to report by exception in the audit report on the financial statements. We also have no matters to report in our closing audit certificate, on completion of our work on the PCC and CC's value for money arrangements.



# Financial Sustainability

## Planning and managing resources

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### Auditor's commentary on arrangements

#### Areas reviewed

- *How significant financial pressures relevant to short and medium-term plans are identified and built into plans;*
- *Plans to bridge funding gaps and to identify achievable savings*
- *How financial plans support the sustainable delivery of services in accordance with strategic priorities*
- *Identification and management of risks to financial resilience e.g. unplanned changes in demand, including challenge of assumptions underlying its plans.*

The PCC is required to set a balanced budget in line with statutory requirements. The 2021/22 net revenue budget was set at £127.43 million. The Revenue Budget Report was formally approved by the PCC's Performance and Governance Board (PGB) and Force Executive Boards (FEB) and the Police and Crime Panel (PCP) in January 2021. The 2022/23 and 23/24 budgets went through the same approval process in January 2022 and January 2023 respectively (2022/23: £136.06 million; £139.97 million). These levels of approval help to ensure that the budget is reviewed and considered by significant parties at all levels within the organisation.

The Police and Crime Panel reviewed the PCC's proposed council tax precept increase of 7.08% for 2021/22, 4.4% for 22/23 and 6.3% for 23/24.

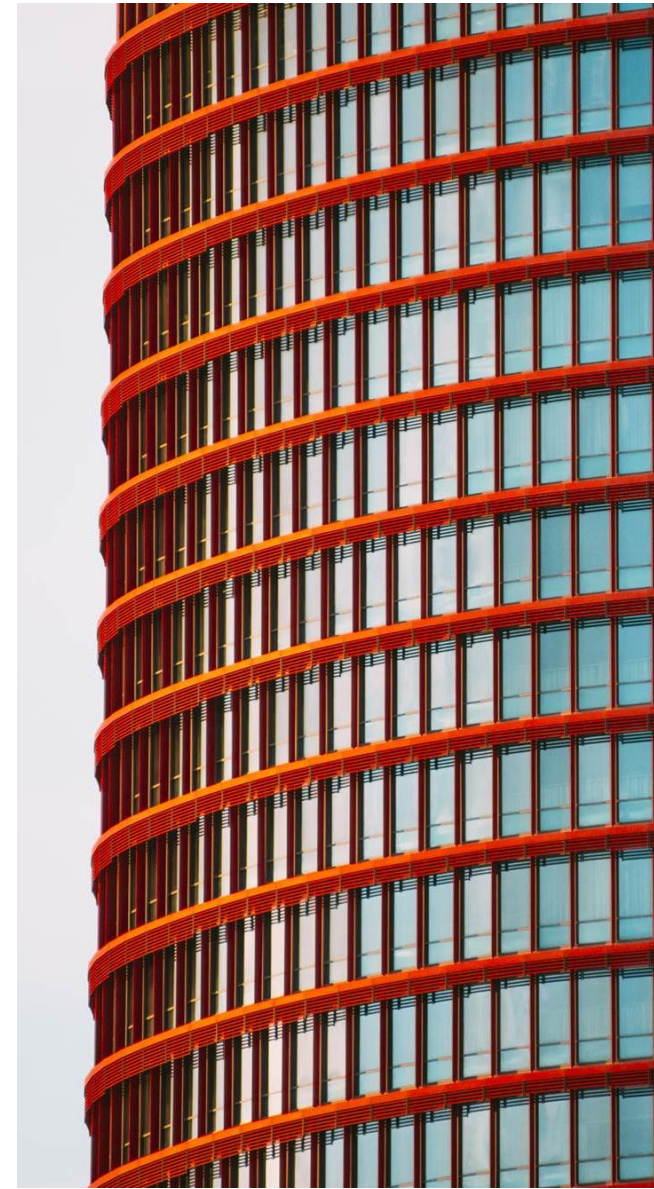
Alongside the annual Priority Based Budgeting (PBB) exercise, the OPCC and the Force are part

of a number of National and Local financial forums including National Police Chiefs' Council (NPCC) and Regional Chief Finance Officers' (CFO's) groups. These forums allow for discussion and comparison of different scenarios within the service to ensure financial implications are considered and understood.

There is a base budget review to consider any roll forward issues that were identified from budget variances between current year and future years. The Force has also embedded its PBB. The PBB process identifies both demand pressures and saving suggestions as well as service levels that allow for savings, and relevant service level reductions, and growth, and relevant service level enhancements, to be made while achieving the objectives set out in the Police and Crime Plan.

The medium-term financial plan (MTFP) is presented within the annual budget and precept reports.

In January 2021, a budget gap of £1.126 million was identified for the 2021/22 financial year. Cumulative savings of £6.469 million also needed to be found over the period to 2024/25. In January 2022, no budget gap was identified for the 2022/23 financial year. Cumulative savings of £2.205 million also needed to be found over the period to 2025/26. In January 2023, budget gap increases to 8.505 million for the 2023/24 financial year. Cumulative savings of £14.106 million also needed to be found over the period to 2026/27.



# Financial Sustainability

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The MTFP is constructed in a similar fashion to the budget - with assumptions made to forecast the future movements in standstill costs, one off costs, investments and growth, grant funding and officer pay costs.

The demand analysis, workforce plan, capital investment and budget process are all governed by the same boards, so the Force Executive Board and PCC's Performance and Governance Board "PGB" (previously Deliver and Beating Crime Board). This enables all of the strands that impact on the finances of both corporation soles to be reviewed together. In the 2021/22 outturn reports a spend of £126 million against a budget of £127.43 million, and underspend of £1.422m. The 2022/23 outturn reports a spend of £135.1 million against a budget of £136.062 million.

The total reserve in was decreased from £12.452 million (2021) to £11.659 million (2022). The Police fund reserve was increased from £3.0 (2021) million to £4.081 million (2022). Having adequate levels of reserves ensures that the Force has a contingency to use should an unexpected event occur, or if financial plans did not materialise as expected.

There was no planned use of reserves for 21/22 or 22/23 however there is planned use the budget reserve amounting to £0.5m for the rest of the MTFP period ending 2026/27, however this does not reduce the reserves significantly.

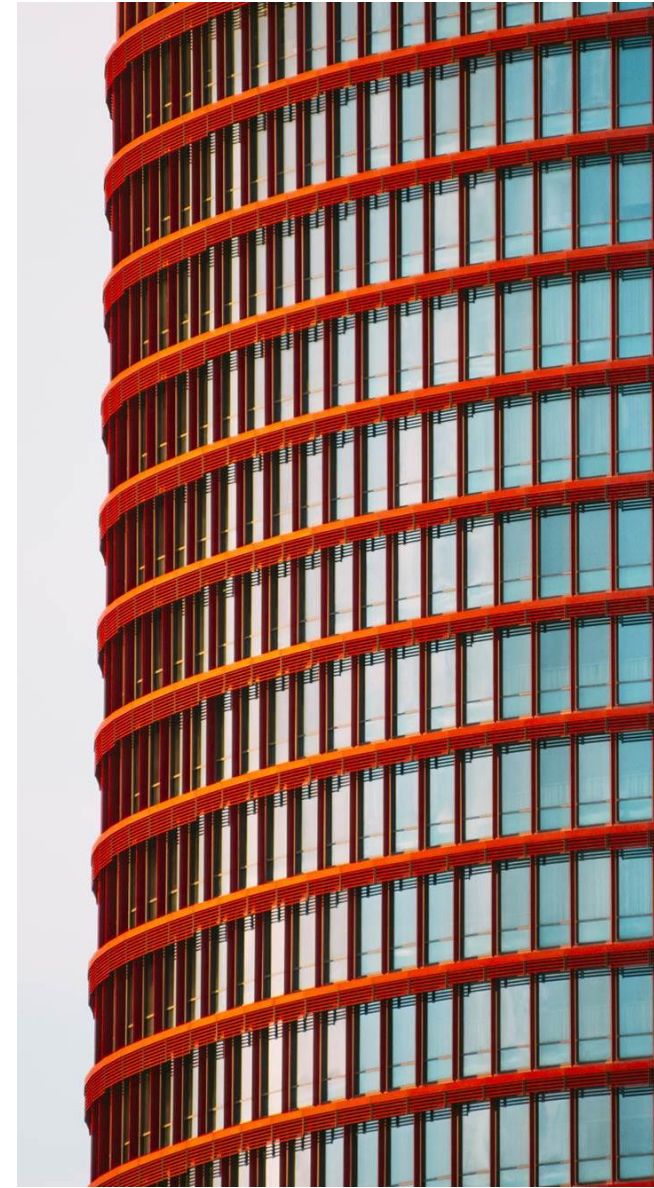
Budget monitoring took place throughout the year. Month-end and year-end timetables are set in advance so that financial reporting and budget monitoring can happen in a timely manner.

Quarterly reports are taken to PGB that outline the forecast revenue outturn position at that point in time and discuss the reasons for over and underspends in both the constabulary service lines and for the OPCC. The position against the capital plan is also presented and reviewed. Throughout the year, the reasons for variations from budget are clearly identified so that remedial action can be taken if necessary. For both 21/22 and 22/23 the resultant underspend was due to the award of additional grant funding received. Therefore, arrangements were in place to manage the financial challenges faced by the entity.

The 2023/24 outturn reports a spend of £139.513 million against a budget of £139.938 million. While these figures remain unaudited, it gives additional assurance that arrangements are in place to manage its finances.

### Conclusion

*We draw attention to the increasing budget gap for 23/24 however we have not identified any significant weaknesses in this area. The PCC/CC has adequate arrangements in place to plan and monitor its financial resources so that it can deliver services.*





# Governance

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### Auditor's commentary on arrangements

#### Areas reviewed

- **Risks are assessed and monitored to gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.**
- **Effective systems and processes are in place to ensure budgetary control, to communicate relevant, accurate and timely management information, support statutory financial reporting requirements and ensure corrective action is taken where needed, including in relation to significant partnerships.**
- **The Authority makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency**

During 2021/22 and 2022/23 the Joint Audit Committee's responsibilities continued to include those relating to corporate governance, risk management, internal audit and anti-fraud.

The Joint Audit Committee (JAC) Terms of Reference state that part of the purpose of the JAC is to provide independent assurance, to the Commissioner and Chief Constable, of the adequacy of the risk management framework and the associated control environment. This includes monitoring the effective development and operation of risk management and making recommendations as appropriate.

The JAC meets quarterly and is made up of representatives from the PCC and CC and independent members who are appropriately

skilled and experienced and receive regular training.

From our attendance at these meetings, we believe that they are an effective committee focusing on the right areas and providing adequate challenge of management.

Both the Police and Crime Commissioner and the Chief Constable are responsible for conducting a review of the effectiveness of the governance framework, including the system of internal controls, at least annually in their respective organisations. The review is informed by various sources including the Head of Internal Audit Opinion, which is based on work done during the year by internal audit. The internal audit delivery is outsourced to RSM.

In 2021/22 and 2022/23 IA concluded that reasonable progress had been made on the implementation of the actions identified from the 2020/21 and 21/22 review respectively.

For 2021/22 the following Bedfordshire, Hertfordshire, Cambridgeshire (BCH) reports were issued for areas that are shared between the collaborating organisations, 5 audits were conducted and 1 follow up review was conducted.

For 2022/23 the following Bedfordshire, Hertfordshire, Cambridgeshire (BCH) reports were issued for areas that are shared between the collaborating organisations 5 audits were conducted and 1 follow up review was conducted.



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IA's overall Annual Opinion for both 2021/22 and 2022/23 is "adequate and effective framework for risk management, governance and internal controls. However, our work has identified further enhancements to the frame of risk management, governance and internal controls to ensure that it remains adequate and effective."

As previously mentioned in the Financial Sustainability section, Budgetary Control is a regular area of review by IA.

We consider an IA function key to the arrangements from which the Audit Committee obtains assurances over the effective operation of internal controls. The PCC/CC has an IA function in place, outsourced to a third party - RSM, to gain assurance over the effectiveness of internal controls and to provide assurance against other risk areas. The IA programme is reviewed annually by the JAC and is informed by risk. In their annual report, IA affirmed that their internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS). IA attend and provide progress reports to the JAC evidenced through our attendance of JAC meetings and review of JAC Meeting minutes.

IA's Annual Plan covers a mix of assurance and advisory projects as well as BCH Collaborative Plan. Progress on the implementation of IA recommendations is also monitored by the JAC. This is described further under the Improving economy, efficiency and effectiveness section. Our review of the IA reports did not highlight any control assurance gaps represented by "No Assurance" or "Limited Assurance" type

opinions.

The Constabulary has a collaborated Professional Standards Department (PSD) with Bedfordshire and Cambridgeshire Constabularies. Professional Standards covers: Anti-corruption, complaints and conduct, Business management and vetting. A policy is in place to outline the role of the department and the PSD has an annual control strategy which sets out its priorities. The department also has a 'Reporting concerns (whistleblowing)' policy, that applies to police officers, police staff and any others acting on behalf of the constabulary. The Professional Standards Governance Board provide the governance and oversight of all PSD business. The Governance Board reports directly to the Joint Chief Officers Board (JCOB) and results from misconduct hearings are made available on the Constabulary website. Other arrangements include a Gifts and Hospitality Policy and Gifts and Hospitality registers. We have seen the Office of the Bedfordshire PCC (OPCC) Gifts and Hospitality Policy, the purpose of which is to provide guidance to the PCC and all staff of the OPCC in Bedfordshire, as to the acceptance of gifts, gratuities, and hospitality. Gifts and hospitality logs are also maintained and available on both the PCC and Chief Constable websites.

### Conclusion

We have not identified any significant weaknesses in the Governance arrangements for 2021/22 and 2022/23.



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The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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