

Police and Crime Commissioner for Gwent and Chief Constable of Gwent Police – Detailed Audit Plan 2025

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Introduction

I am pleased to share my 2025 Audit Plan. The Plan sets out how I will undertake your audit.

My audit team has developed the Plan following a structured and risk-based planning process, which will remain ongoing throughout the audit. My [Code of Audit Practice](#) provides further detail on how my audit and certain other functions are to be carried out by my auditors.

At the core of all our work is our commitment to maintaining the highest standards of professional integrity, objectivity, independence and audit quality. Our three lines of assurance model (page 19) sets out how we will ensure those standards of quality are met. Our latest annual quality report, [Audit Quality Report 2024](#), provides more information about our audit quality arrangements.

My audit team will work constructively with your staff to understand the issues you are facing, ensure the audit process operates as smoothly as possible, and provide valuable insights about any areas for improvement.

For this year of audit we are required to implement a new auditing standard on the [audit of groups](#). At this stage we do not anticipate this will have a significant impact on our audit, but my audit team will discuss the changes with your management team.

Should you have any questions about your audit my audit team will be happy to discuss them with you. They will also keep you regularly updated as work progresses.

Our aims and ambitions

Our purpose



Assure people that public money is being managed well



Explain how that money is being spent



Inspire the public sector to improve

Our vision



Fully exploiting our unique perspective, expertise and depth of insight



Strengthening our position as an authoritative, trusted and independent voice



Increasing our visibility, influence, and relevance



Being a model organisation for the public sector in Wales and beyond

Our areas of focus



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

You can find out more about Audit Wales in our [Annual Plan 2024-25](#) and Our [Strategy 2022-27](#).

Financial audit work

Audit of financial statements

I am required to issue a report on the financial statements of the Police and Crime Commissioner, the Chief Constable, the Police and Crime Commissioner Group and the Police Pension Fund which includes an opinion on their 'truth and fairness' and their proper preparation in accordance with accounting and legal requirements.

I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities.

In addition to my responsibilities for auditing the financial statements, I also have responsibility for:

- certifying a return to the National Audit Office which provides information about the Commissioner Group to support preparation of Whole of Government Accounts; and
- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary).

There have been no limitations imposed on me in planning the scope of this audit.

Group accounts

The group accounts contain the results of the Commissioner and the Chief Constable.

My audit team will undertake procedures to ensure the presentation of the group and single entity accounts is materially accurate.

Use of Resources

I must satisfy myself that the Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

Financial statements materiality

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material and correct misstatements, that is, those that might result in a reader of the accounts being misled. Materiality applies not only to financial misstatements, but also to disclosure requirements and adherence to the applicable accounting framework and law.

I set planning and performance materiality to:

- determine the level of misstatement that could cause the user of the accounts to be misled;
- assist in the scoping of our audit approach and resultant audit tests;
- determine sample sizes;
- assess the effect of known and likely misstatements in the financial statements; and
- report to those charged with governance any unadjusted misstatements above a trivial level, our reporting threshold.

The levels at which I judge such misstatements to be material are set out below.



There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

Remuneration tables

£1,000

Related party disclosures

£10,000

(related parties to individuals)

My audit team will assess materiality levels throughout the audit.

Significant financial statements risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other International Standard on Auditing (ISAs). The ISAs require us to focus more attention on these significant risks.

Risk of management override

The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].

Our planned response

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- review accounting estimates for bias; and
- evaluate the rationale for any significant transactions outside the normal course of business.

Valuation of pension scheme net liability/surplus

The Local Government Pension Scheme (LGPS) and Police Pension Scheme liabilities as reflected in the financial statements are material estimates.

The nature of these estimates mean that they are subject to a high degree of estimation uncertainty as they are sensitive to small adjustments in the assumptions used in their calculation.

The impact of economic conditions, particularly interest rates also has a significant impact on the liability. Additionally, at 31 March 2024, the LGPS liability was in fact a surplus, primarily due to higher interest rates.

There are also several legal cases potentially impacting on the valuation of the net liability.

There is a risk therefore that the liability/surplus could be materially misstated.

Our planned response

My audit team will:

- evaluate the instructions issued by management to their management experts (actuaries) for this estimate and the scope of the actuary's work;
- assess the competence, capabilities and objectivity of the actuary who carried out the valuations;
- assess the accuracy and completeness of the information provided to the actuaries to estimate the liabilities;
- test the accuracy of the net liabilities/asset and disclosures in the financial statements against the actuarial report from the actuary;
- assess the reasonableness of the assumptions made by the actuaries by reviewing the report of the consulting actuary (auditor's expert) and undertaking any additional procedures required; and
- assess whether any legal cases could have a material impact on the net liability, and if so, confirm that this has been appropriately recognised and disclosed within the financial statements.

Other areas of focus

I set out below other identified risks of material misstatement which, although not determined to be significant risks as above, I would like to bring to your attention.

Implementation of International Accounting Standard (IFRS) 16 – Leases

Local Government bodies are required to adopt IFRS16 Leases from 1 April 2024.

This significantly changes the accounting treatment and disclosures required for leased assets and means that most leases will result in an asset and liability on balance sheets.

There is a risk that the requirements of the IFRS are not appropriately adopted and as a result the financial statements are materially misstated.

Our planned response

My audit team will:

- review the working papers to ensure that all leases falling within the scope of the Standard have been included in calculations;
- test a sample of asset and liability calculations to ensure that the assumptions are reasonable, and the calculations have been correctly prepared; and
- confirm that asset and liability values have been correctly accounted for and disclosed in the financial statements.

Senior officer remuneration

Remuneration paid to senior officers continues to be of high interest and is material by nature.

Therefore, there is a risk that even low value errors in the disclosure could result in a material misstatement.

Our planned response

My audit team will:

- understand the movements in the Commissioner's and Chief Constable's team during 2024-25;
- ensure that all elements of remuneration disclosed are consistent with supporting evidence;
- ensure that amounts paid are consistent with approved pay scales; and
- ensure that disclosures are complete based on the team's knowledge and are prepared in accordance with requirements.

Collaboration Arrangements

Gwent Police engage in a number of collaborative arrangements with other Welsh Police Forces.

In recent years, the value of expenditure through these arrangements and the complexity of them has increased.

In 2023-24, there was revenue expenditure of £15 million attributable to Gwent Police incurred through collaborative arrangements, as well as

capital expenditure of £1 million incurred on the construction of the joint firearms training unit at Pencoed.

Our planned response

My audit team will:

- review the process for compiling collaborative spending and income and redistributing costs between partners;
- confirm that the basis on which costs have been shared is appropriate; and
- substantively test the expenditure incurred on the new joint firearms training unit during the year

Valuation of Land and Buildings

The valuations of land and buildings reflected in the balance sheet are material estimates. These estimates are subject to a high degree of subjectivity, depending on specialist assumptions and requiring the use of an external valuer (a management expert).

Our planned response

- review the information provided to the valuer to undertake the valuations, to assess for completeness and accuracy;
- evaluate the competence, capabilities and objectivity of the external valuer; and
- test a sample of assets revalued in the year to ensure the valuation basis, key data and assumptions used are reasonable, and those valuations have been correctly reflected in the financial statements.

Related party disclosures

The financial statements must disclose any related party relationships along with the transactions and balances between the Commissioner or Chief Constable and the other body.

The Commissioner and Chief Constable have many relationships that could be considered as related parties. Many are well known for example, the Welsh Government as funder.

However, where related party relationships arise via individual officer or member relationships, there is likely to be less transparency regarding

these relationships. These transactions are of high interest and are considered to be material by their nature.

There is a risk of material misstatement due to incomplete or inaccurate disclosures, even where these are of relatively low value.

Our planned response

My audit team will:

- review the process for identifying related party relationships and associated transactions and balances;
- undertake procedures to confirm the completeness of related party relationships; and
- ensure disclosures are complete, accurate, consistent with evidence and are in accordance with the Local Government Code.

Financial statements audit timetable

Below is a timetable showing the key stages of the audit and our key audit deliverables that we will provide to you.

Exhibit 1: Financial statements audit timetable

Planning February to March 2025	Planning meeting High level risk assessment procedures Fraud risk assessment Accounting estimates planning IT environment risk assessment Indicative audit fee Draft Outline Audit Plan
Interim February to May 2025	Information flows Detailed risk assessment procedures IT controls review Develop testing strategy Early sample testing Draft Detailed Audit Plan
Fieldwork Late July to October 2025	Update risk assessment Audit of financial statements to include narrative report and annual governance statement Complete audit testing Evaluate audit findings Audit closure meeting
Reporting October to November 2025	Audit of Accounts Report Recommendations for improvement Present findings to those charged with governance Auditor General certification Annual Audit Summary Post project learning

Other statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. The Public Audit (Wales) Act 2004 sets out these responsibilities:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the fee below. If I do receive questions and objections, my auditors will discuss the potential impact on audit fees at the time.

Audit fee

In January 2025, we published our [2025-26 Fee Scheme](#) following approval by the Senedd Finance Committee which details the average increase to fee rates of 1.7%.

The actual fee that any individual audited body will pay depends not just on our fee rates but on the quantum of work and the skill mix required.

Your estimated total audit fee: £106,257
(2024: £104,481)

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without my auditors first discussing them with the Chief Finance Officer (for the Commissioner) and Chief Finance Officer (for the Chief Constable).

I base my audit fee on the following assumptions:

- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

Audit team

My audit team will continue to work and engage remotely using technology, but some on-site audit work will resume where it is appropriate to do so.

Audited bodies have a responsibility to ensure the safety and wellbeing of Audit Wales staff when they are on your premises.

The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

Exhibit 3: My local audit team

Engagement Director	Richard Harries richard.harries@audit.wales
Audit Manager	David Williams david.williams@audit.wales
Audit Lead	Carys Bates carys.bates@audit.wales

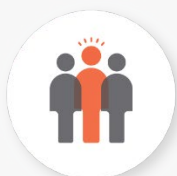
I can confirm that my team members are all independent of the Commissioner, the Chief Constable and your officers.

In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Audit quality

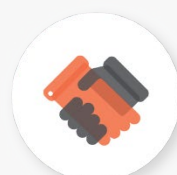
Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2024](#).



Our People

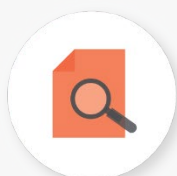
- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

Supporting you

Audit Wales has a range of resources to support the scrutiny of Welsh public bodies, and to support them in continuing to improve the services they provide to the people of Wales.

Visit our [website](#) to find:



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Details of our [Good Practice](#) work and events including the sharing of emerging practice and insights from our audit work.



Our [newsletter](#) which provides you with regular updates on our public service audit work, good practice, and events.



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.