Archwilio Cymru
Audit Wales

Police and Crime Commissioner for Gwent and Chief Constable of Gwent Police – Audit Plan 2026

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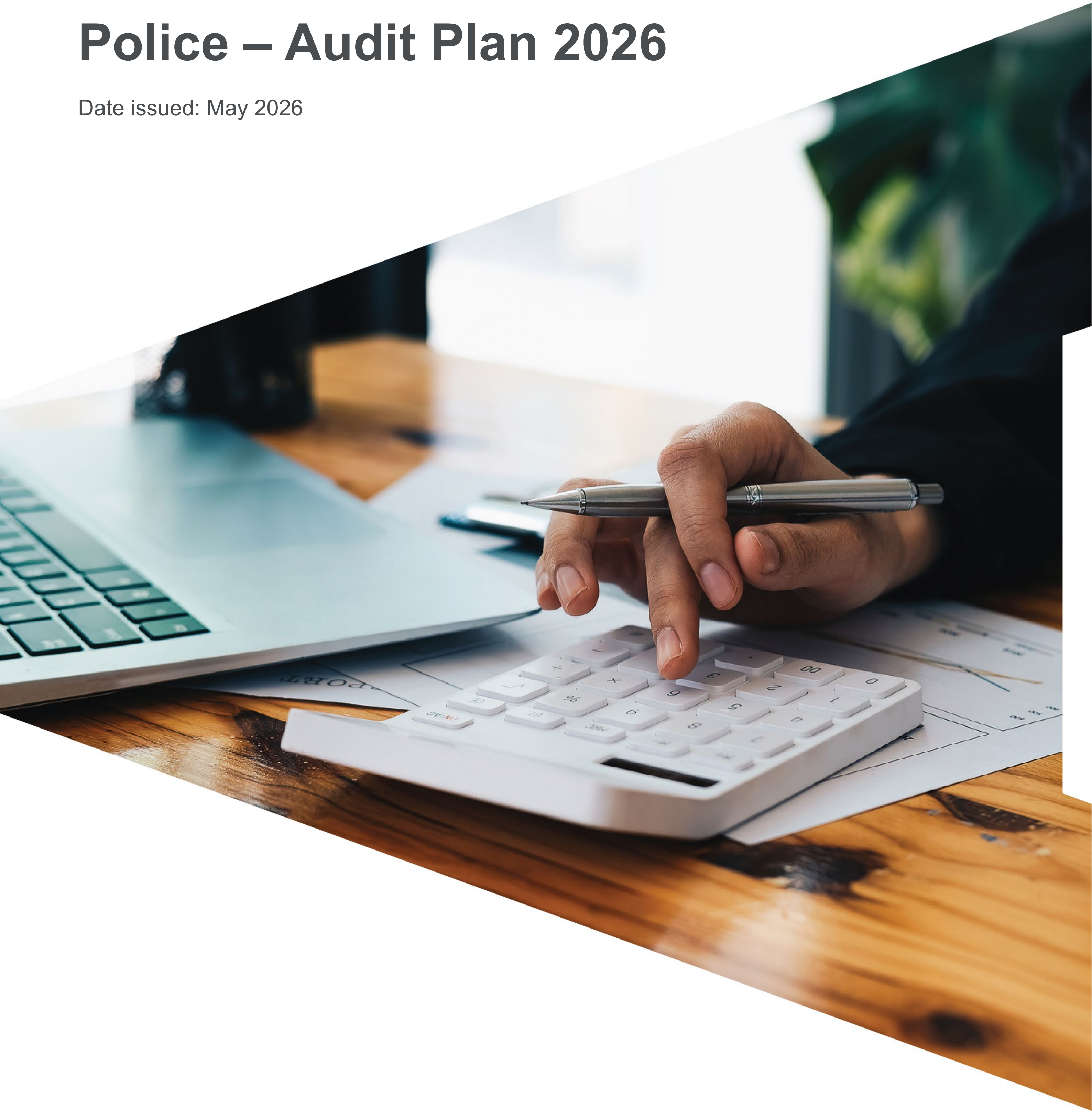

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For further information, or if you require any of our publications in an alternative format and/or language, please contact us by telephone on 029 2032 0500, or email info@audit.wales.

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

Adrian Crompton

Auditor General for Wales

I am pleased to share my 2026 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 20) sets out how we will ensure those standards of quality are met. Our latest annual quality report, 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.

My local performance audit work programme, as outlined in this Plan, sits alongside other national audit work that may include coverage of your organisation. Local performance audit work may also inform wider national reporting.

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 2025-26 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 standards 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 Police and Crime Commissioner’s Group to support preparation of Whole of Government Accounts;
- 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 Police and Crime 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

As set out in the Code of Audit Practice, I must satisfy myself that the Police and Crime Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (‘value for money’) and conclude accordingly.

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 and correct material 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 is set out below.

Planning materiality

represents 1% of gross expenditure (Group, Commissioner and Chief Constable) or 2% of gross expenditure (Police Pension Fund) based upon 2024/25 draft financial statements

Group

£2.551m

Commissioner

£2.467m

Chief Constable

£2.471m

Police Pension Fund

£1.033m

Reporting threshold (trivial)

represents 5% of materiality.

Group

£0.128m

Commissioner

£0.123m

Chief Constable

£0.124m

Police Pension Fund

£0.051m

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	Related party disclosures
£1,000	£10,000 - 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 fund net liability/surplus

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

The nature of this estimate means that they are subject to a high degree of estimation uncertainty as they are sensitive to small adjustments in the assumptions used in its calculation.

The impact of economic conditions, particularly interest rate levels, also has a significant impact on the liability. At 31 March 2025 for example, the liability was in fact a surplus, primarily due to higher interest rates.

A triennial valuation of the scheme has been undertaken as at 31 March 2025, which will impact upon disclosures in the Commissioner's and Chief Constable's financial statements for the first time in the 2025-26 financial year.

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

There is a risk therefore that the liability/surplus is 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 actuaries work;
- assess the competence, capabilities and objectivity of the actuaries 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 pension fund net liability/surplus and disclosures in the financial statements against the actuarial reports from the actuaries;
- 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;

- undertake a programme of work to provide assurance over the data used by the LGPS actuary to undertake the triennial valuation; and
- assess whether any legal cases could have a material impact on the net liability/surplus, 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.

Valuation of land and buildings

The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates.
Land and buildings are required to be held on a valuation basis which is dependent on the nature and use of the assets. This estimate is subject to a high degree of subjectivity, depending on the specialist and management assumptions, and changes in these can result in material changes to valuations.
Assets are required to be revalued every five years, and for the 2025-26 financial year CIPFA have introduced new requirements for the subsequent measurement of assets, including the application of indexation. This will introduce additional judgements and calculations for finance teams to undertake.

My audit team will:

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

- review the approach taken to the application of indexation to ensure that it complies with the relevant standards and results in a reasonable estimate; and
- test the reconciliation between the financial ledger and the asset register.

IFRS 16 - Leases

Local Government bodies were required to adopt IFRS 16 Leases from 1 April 2024. This significantly changed the accounting treatment and disclosures required for leased assets.

In 2024-25 we identified several issues in the accounting treatment, calculation and disclosure of Right-of-Use (ROU) assets and in the classification of lease liabilities.

There is a risk that the requirements of the IFRS are not appropriately adopted again this year 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 calculation 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

Even though there are no significant changes in senior officers for 2025-26, 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 a material misstatement.

Our planned response

My audit team will:

- understand the movements in the Commissioner's and Chief Constable's teams during 2025-26;
- ensure that all elements of remuneration disclosed are consistent with supporting evidence;
- ensure that amounts paid are consistent with approved pay scales and contracts where applicable; and
- ensure that disclosures are complete based on the team's knowledge and are prepared in accordance with requirements.

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 has many relationships that could be considered a related party. Many are well known for example, Welsh Government as funder.

However, where related party relationships arise via individual officer 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.

Reforms to Policing

In November 2025, the UK Government announced that the role of Police & Crime Commissioners will be abolished by May 2028. Additionally, in January 2026 a white paper was released setting out a review of the number of police forces in England and Wales.

At present it is unclear on what arrangements will be put in place and the timescales for any changes to financial, governance and accountability structures.

Our planned response

My audit team will:

- undertake discussions with management to establish what processes are being undertaken in preparation for the changes;
- ensure that any narrative disclosures in the financial statements reflect the current situation and provide useful information to users of the financial statements; and
- continue to engage with any updates and guidance issued to consider its relevance.

Collaboration Arrangements

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

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

In 2024-25, there was revenue expenditure of £16.9 million attributable to Gwent Police incurred through collaborative arrangements, as well as capital expenditure of £6.3 million incurred on the construction of the joint firearms training unit at Pencoed.

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
- substantively test the expenditure incurred on the new joint firearms training unit during the year.

Police Pensions & Change of Pensions System

In 2024-25 pension benefits of £45.1m were paid in addition to lump sum benefits of £6.5m. These amounts are highly material to the Police Pension Fund. The day-to-day administration of police pensions is undertaken by a service organisation.

Additionally, we are aware of a change to the pensions system used by the service organisation in early 2026. This may lead to delays in the provision of the required information from the system, and the assurance required on the controls in operation.

Our planned response

My audit team will:

- undertake sample testing on police pensions in payment and in-year lump sums awarded;
- document the controls in place at Gwent Police and the service organisation over the processing and payment of pension benefits; and
- continue to request updates on the required control assurances over the new pensions administration system.

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

Stage	Activities
Planning **February to April 2026**	Planning meeting High level risk assessment procedures Fraud risk assessment Accounting estimates planning IT environment risk assessment Indicative audit fee Draft Audit Plan (Issued 13 May)
Interim **March to April 2026**	Information flows Detailed risk assessment procedures IT controls review Develop testing strategy Early sample testing
Fieldwork **Late July to September 2026**	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 **September to October 2026**	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 with the Chief Finance Officers.

Audit fee

In January 2026 we published our 2026-27 Fee Scheme following approval by the Senedd Finance Committee which details the average increase to fee rates of 5.3%.

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: £114,548

The estimated audit fee for 2026 has increased to reflect the issues identified in the audit of the 2024-25 financial statements, as reported the Joint Audit Committee in last year's Audit of Accounts (ISA 260) Report, and more recently in the letter from the Auditor General for Wales in his letter to the PCC and the CCC.

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 Officers.

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 Police and Crime Commissioner and Chief Constable and your officers.

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 annual Audit Quality Report.

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

Further information

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:

Our publications which cover our audit work at public bodies.

Information on our upcoming work and forward work programme for performance audit.

Data tools to help you better understand public spending trends

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

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