The Joint Audit Findings for Mayor's Office for Policing and Crime Commissioner of Police of the Metropolis

Year ended 31 March 2023

April 2024

Contents

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Section		Page
1.	Headlines	3
2.	Financial statements	6
3.	Value for money arrangements	31
4.	Independence and ethics	32
Appendices		
A.	Communication of audit matters to those charged with governance	35
B.	Action plan – Audit of Financial Statements	36
C.	Follow up of prior year recommendations	38
D.	Audit Adjustments	41
E.	Fees and non-audit services	55
F.	Auditing developments	56
G.	MOPAC Audit letter in respect of delayed VFM work	57
H.	MPS Audit letter in respect of delayed VFM work	58

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Deputy Mayor for Policing and Crime and the Commissioner of the Police of the Metropolis.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect MOPAC, the Group and the MPS or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audits of the Mayor's Office for Policing and Crime (MOPAC) and the Metropolitan Police Services (MPS) and the preparation of MOPAC and the MPS's financial statements for the year ended 31 March 2023 for those charged with governance.

Financial Statements	
Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion the financial statements: • give a true and fair view of the financial positions of the entity's income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. We are also required to report whether other information published together with each set of audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.	Our audit work was substantially completed during July-September. Our findings are summarised on pages 6 to 30. **Audit adjustments** As at the date of writing this report, there are 8 adjustments to the financial statements of the MPS, MOPAC or the group. Audit adjustments are detailed in Appendix D. The aggregated impact of the 9 adjustments is a £1,305,208,000 credit to total income/expenditure and a £1,305,208,000 debit to the balance sheet. Of this, £1,268,400,000 relates to a single adjustment to your net pension liability. More detail on this issue is set out on pages 12 and 13. **Unadjusted misstatements** We have also identified 5 potential misstatements which management have not adjusted for. These misstatements arise as a result of errors identified within our sample testing which when extrapolated are above our trivial threshold. The potential misstatements are individually and in aggregate below materiality. The aggregate total unadjusted misstatements is a credit to the income/expenditure of £23.779m and a corresponding debit to the balance sheet. Audit unadjusted misstatements are detailed in Appendix D. **Recommendations** We have also raised 6 recommendations for management as a result of our audit work in Appendix B. Our follow up of recommendations from prior year audits are detailed **in Appendix C.** In the prior year we raised 3 recommendations. 2 of the recommendations in relation to journal authorisation and Asset Under Construction (AUC) have not been implemented. The 3rd recommendation in relation to the capitalisation of assets has been implemented. **Audit progress** Our work is substantially complete and subject to the outstanding matters detailed on page 4, there are no matters of which we are aware that would require modification of our audit opinion for MOPAC's financial statements (including the financial statements which consolidate the financial activities of the MPS) or the MPS's financial statements. We are in the process of clearing review points and will update this report for any matters that arise. **Audit opinion** Our anticipated audit report opinions on MOPAC, the Group and the MPS's financial statements will be unmodified. The draft wording for our opinions will be provided in a separate document to this report. We have concluded that the other information to be published alongside the financial statements is consistent with our knowledge of both organisations.

1. Headlines

Financial Statements continued

We are currently processing responses from management on the following areas:

- updated narrative reports for both MOPAC and CPM
- updated financial statements including agreed adjustments
- documentation of the processes and controls for obtaining the new pension membership data for the updated full valuation

Our work is also subject to the following closing procedures which necessarily take place within the concluding stages of the audit:

- engagement team responses to senior engagement team and quality review;
- receipt of management representation letters (sent as a separate document);
- review of the final set of financial statements; and
- review of meeting minutes up until the signing date for relevant boards/committees

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether in our opinion, both entities have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. Auditors are required to report their commentary on the arrangements under the following specified criteria: - Improving economy, efficiency and effectiveness; - Financial sustainability; and - Governance	An audit letter explaining the reasons for the delay is provided as a separate document to this report. We expect to issue our Auditor's Annual Report within three months after the date of the opinion on the financial statements. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements. We note that our audit has been delayed due to the late response to our requests for information. As part of our work, we considered whether there were any risks of significant weakness in MOPAC and the MPS's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified: • the risk that the revised governance arrangements in the MPS and in MOPAC and not effective in delivering improvement in London policing and performance; • the risk that the turnaround arrangements put in place by the MPS and MOPAC fail to adequately respond to the recommendations from HMICFRS and Casey; • the risk that vetting arrangements are not effective; • the risk that arrangements are not effective to mitigate the delivery and financial risk in two major transformation projects relating to CONNECT and Command and Control; and • the risk that budgeting arrangements are not effective in the transparent and realistic reporting of current and forecasted financial performance. Our work on these risks is complete and our Auditors Annual Report (AAR) is presented as alongside this AFR at the April 2024 panel.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties for either entity. We have completed the majority of work under the Code and we expect to certify the completion of the audits upon the completion of our work on MOPAC's and the MPS's VFM arrangements, as well as work required by the WGA.
Significant matters	We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Joint Audit Findings Report presents the observations arising from the audits that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and those charged with governance.

As auditor we are responsible for performing the audits, in accordance with International Standards on Auditing (UK) and the Code, which are directed towards forming and expressing an opinion on each set of 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 for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group's, MOPAC's and the MPS's business and is risk based, and in particular included:

- An evaluation of MOPAC and the MPS's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group (Empress Holdings Limited and its subsidiaries (Empress Holdings Group)) based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that no procedures were deemed necessary over the component company's as the component's are currently dormant and in the process of being liquidated; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have substantially completed our audits of your financial statements and, subject to outstanding work detailed on page 4 being completed, we anticipate issuing unqualified audit opinions on the financial statements of MOPAC, the MPS and the group. The draft wording for our opinions will be provided in a separate document to this report.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements

Our approach to materiality

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

Materiality levels remain the same as reported in our audit plan. Materiality levels in our audit plan were based on the audited figures from 2021-22. On receipt of the 2022-23 draft financial statements, we recalculated materiality. Whilst gross revenue expenditure increased, the increase was not significant and therefore we decided not to revise our materiality figures upwards.

We detail in the table below besides our determination of materiality.

	Group (£000)	MOPAC (£000)	MPS (£000)	Qualitative factors considered
Materiality for the financial statements	62,000	62,000	60,000	This benchmark is determined as a percentage of the entity's Gross Revenue Expenditure in year and considers the business environment and external factors.
Performance materiality	43,400	43,400	42.000	Performance Materiality is based on a percentage of the overall materiality and considers the control environment / accuracy of accounts and working papers provided.
Trivial matters	3,100	3,100	3,000	Triviality is set at 5% of Headline Materiality.

We have determined financial statement materiality based on a proportion of the gross expenditure of the group, MOPAC and the MPS for the financial year. In the prior year, we used the same benchmark. For our audit testing purposes, we apply the lowest of these materialities, which is £60,000k (PY £58,000k), which equates to 1.4% of the MPS's prior year gross expenditure for the year.

2. Financial Statements: Significant risks

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.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Relates to	Commentary
The revenue cycle includes fraudulent transactions Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. (rebutted)	Group, MOPAC and MPS (rebutted)	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at MOPAC, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including MOPAC, mean that all forms of fraud are seen as unacceptable. For clarity, the culture and ethical framework being referred to pertains to those involved in the financial reporting process who could perpetrate material fraud. Therefore we do not consider this to be a significant risk for MOPAC. For the MPS, revenue is recognised to fund costs and liabilities relating to resources consumed in the direction and control of day-to-day policing. This is shown in the MPS's financial statements as a transfer of resources from MOPAC to MPS for the cost of policing services. Income for the MPS is received entirely from MOPAC. Therefore we do not consider this to be a significant risk for the MPS. Conclusion Our work has not identified any material issues in relation to revenue recognition.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. MOPAC and MPS face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	Group, MOPAC and MPS	In response to the risk highlighted in the audit plan we have undertaken the following work: • evaluated the design effectiveness of management controls over journals; • analysed the journals listing and determined the criteria for selecting high risk unusual journals; • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and agreed to supporting documentation; • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. **Findings** In the previous year, we reported to you a control weakness relating to the self authorisation of journal postings. Full details of the control weakness and our follow up of the issue can be found on page 17. From our sample testing, we have not identified any matters with regard to the appropriateness of journals. We have reviewed your accounting estimates and critical judgements. We do not have any areas of concern to report. We have evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. We do not have any areas of concern to report. **Conclusion** We are satisfied from our work performed that there has been no intentional management override of controls that would result in a material misstatement of the financial statements.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of land and buildings **Current Year Value £1,976m** **Prior Year Value £1,974m** MOPAC re-values land and buildings on a rolling basis over a five-year period to ensure that carrying value is not materially different from current value at the financial statements date. The valuation of land and buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions. In valuing your estate, management have made the assumption that for a number of sites, in the event they need to be replaced, they would be rebuilt to modern conditions. Within the valuation of MOPAC's specialised operational land and building sites the valuer's estimation of the value has several key inputs, which the valuation is sensitive to. These include the build costs, the size and location of the sites and any judgements that have impacted this assessment and the condition of the property site. Non-specialised asset valuation estimates are sensitive to inputs including market rent, yields and size of asset. This year, you have changed your valuer following the contract with your previous supplier coming to an end. The valuer used for the 31 March 2023 valuation was Avison Young. We have pinpointed the significant risk to be the reasonableness of key assumptions pertaining to assets that are individually material, or where there was a significant movement in year outside of our expectations. The value of assets in this significant risk population was £818m. Random sample testing was then carried out on the residual non-significant risk assets. The results of both forms of testing is set out in the 'commentary'.	Group and MOPAC	In response to the risk highlighted in the audit plan we have undertaken the following work: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. We have engaged our own valuer to assess the instructions to the group's valuer; • evaluated the competence, capabilities and objectivity of the valuation expert; • written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; • challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding. We have engaged our own valuer to assess the group's valuer's report and the assumptions that underpin the valuation; • carried out testing of data provided to the valuer to gain assurance if it is complete and accurate; • tested revaluations made during the year to see if they had been input correctly into MOPAC and (group's) asset register; • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end; and Findings 1. Within our reconciliation of the Fixed Asset Register to the Valuers report, we noted variances in carrying value for 5 properties because of valuation adjustments from the valuer Avison Young. The result of not revising the fixed asset register and the financial statements is an understatement of gross book value of £3.6m. This is reported to you as an adjusted misstatement as management have verbally confirmed to us that they plan to update for this misstatement in the final accounts. See Appendix D. 2. Within our assessment of Revaluation Movements, we requested explanations from management for significant year on year changes. As part of this exercise, Avison Young noted a error in their valuation workings for one DRC asset. The difference in Avison Youngs workings is a £5.6m downward valuation to the asset. This is reported to you as an adjusted misstatement as management have verbally confirmed to us that they plan to update for this misstatement in the final accounts. See Appendix D. 3. Management processed all of the revaluation movements in month 11 (February 2023) rather than in month 12 (March 2023). As a result, the adjustment only cleared 17 Months of depreciation (11 months from 22/23 and 6 months from 21/22 - where the valuation date was previously 30th September 2021). The adjustment should have cleared 18 months of depreciation, which means there is a one month depreciation discrepancy in the valuation adjustment. This results in a circa £4.9m understatement of PPE. This is reported to you as an adjusted misstatement as management have verbally confirmed to us that they plan to update for this misstatement in the final accounts. See Appendix D.

Continued overleaf . . .

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of land and buildings - continued	Group and MOPAC	Findings – *continued* 4. As part of our work we identified several assets that are misclassified in your draft financial statements as operational assets when in fact they are surplus. These assets were Assets Held For Sale (AHFS) during the 2022/23 period but before the 31 March 2023, a decision was taken by management to stop actively marketing them. This decision therefore meant that these assets no longer met the definition of an AHFS. However, because those assets were not brought into operational use, they should have been classified as surplus. This misclassification gives rise to two separate errors in the financial statements as set out below: 4a) There is a disclosure misstatement of £22,000k in your PPE note. Operational land and buildings is overstatement by this amount and surplus assets is understated by the same value. Note, this has no net impact on your financial reported position or the balance sheet. This is reported to you as an unadjusted disclosure misstatement as management have confirmed they are not amending the accounts. This is reported to you in Appendix D. 4b) Under the relevant accounting standards, surplus assets ought to be valued at fair value. This differs to the valuation basis of operational properties which is valued at existing use value. The estimated impact of this is that PPE is understated by £7,169k. The gain would be recognised primarily through the revaluation reserve (£6.1m) with the residual going through the CIES £1.1m. This is reported to you as an adjusted misstatement as management have verbally confirmed to us that they plan to update for this misstatement in the final accounts. See Appendix D. 5. With a change of valuer, management took the opportunity to refresh the data held pertaining to floor areas of its estate before sending this to the valuer. This resulted in a significant movement in floor areas with some assets doubling or halfling in size. We performed work to determine whether the change in floor areas indicates the presence of an error in the prior period valuation. Based on our work, we did form the view that the change in floor areas was most likely an error in the prior year rather than a change in accounting estimate. Work was performed to quantify the impact of this error. This work showed that for several assets, the error in the prior year valuation was material. The valuation differences however did not all go one way – some assets were overstated whilst others were understated. In aggregate, the net error on the balance sheet was £13m. As this is not material, the accounting standards does not require management to amend the opening balances and the prior period comparators. As a result of the issue we have raised a control recommendation for management – see Appendix B for details. 6. As part of our testing of assets revalued in 2022/23, we have noted a discrepancy in the floor area adopted for one asset in our residual DRC Building population. The potential impact upon the valuation would be £327,613 reduction in the valuation. As this asset did not have a floor area measured within Manhatten, we extrapolated this asset overstatement against the population value of other assets identified to also not adopt CAD floor area data. The estimated impact of this is an overstatement of £4,023k. The double entry reported is based on a "worst case scenario" i.e. all of the impact has been reported against the CIES. But in reality, the accounting adjustment would be a mix between RR and CIES, dependent upon accumulated reserves/impairment for individual assets. This is reported to you as an unadjusted misstatement in Appendix D. Conclusion **Our work has not identified a material issue in relation to the valuation of land and buildings.**

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of the pension fund net liability **Current Year Value: £25,611m** **Prior Year Value: £39,246m** The pension fund net liability, as reflected in the balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£39,246m in MOPAC, the Groups and the MPS's balance sheet) and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used your actuary to produce the IAS 19 estimate is provided by your Pension Fund team via Equiniti (the outsourced pensions administrator). Source data is not considered to be a significant risk but work is still performed to ensure the data is complete and accurate and appropriate for the purposes it is being used. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.5% change in the discount rate assumption would have approximately 11% effect on the liability. A 0.5% change in the inflation rate assumption would have approximately 8% effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the pension fund net liability as a significant risk.	Group, MOPAC and MPS	In response to the risk highlighted in the audit plan we have undertaken the following work: • updated our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • assessed the accuracy and completeness of the information provided by the MPS to the actuary to estimate the liability; • tested the consistency of the pension fund net liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as an auditor's expert) and performing any additional procedures suggested within the report. This included the potential impact of the McCloud/ Sergeant ruling. **Findings – membership data:** Under the instructions of management, your actuary has used membership data from March 2018 and then used roll-forward techniques to estimate the liability as at 31 March 2023. The use of roll-forward techniques is permissible under IAS 19 so long as the full valuation (using updated membership data) is performed with "**sufficient regularity** that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period" (IAS 19). The Code adapts the requirement for **sufficient regularity** to mean "between the formal actuarial valuations every four years for police pension funds, there shall be approximate assessments in intervening years." (6.4.1.8) *Continued overleaf . . .*

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of the pension fund net liability - continued	Group, MOPAC and MPS	The formal fund valuation of the Police Pension Scheme is performed by Government Actuary's Department (GAD) once for all Police forces. The 2022 valuation has been delayed nationally meaning that as at the time of producing the draft financial statements, the valuation of the Police Pension Scheme 2022 was not available. As at the date of writing this report, the formal fund valuation remains unpublished. Management have prepared for us a formal accounting judgement paper setting why their IAS 19 accounting estimate in the financial statements complies with the Code requirement and is materially accurate. We disagree with the view of management. We do not consider that an IAS 19 estimate based on membership data from 5 years ago complies with the requirements of the accounting standards/framework and produces a materially accurate estimate. It is important to note that all other Police forces have provided their actuary with membership data from 2020 (or more recent) to produce their 31 March 2023 estimate. Management instructed your actuary to produce an updated actuarial assessment using up to date membership data. This report was received in March 2024. We have reviewed the updated IAS 19 report and performed work on the completeness and accuracy of membership data provided to your actuary to inform the actuarial estimate. No issues were identified from this testing. The updated IAS 19 report reduced the net liability by circa £1.3 billion and this is reflected in your revised financial statements. See appendix D for details of the adjusted misstatement. Conclusion **Following a material adjustment to your financial statements, our work has not identified any further material issues in relation to the valuation of your net pension liability.**

2. Financial Statements - other risks

The below are risks we highlighted to you in our Audit Plan. They are not considered to be significant risks, however these transactions still contain some risk of material misstatement for which we have tailored an appropriate audit response. Details of our findings against these 'other risks' are detailed in the table below.

Risks identified in our Audit Plan	Relates to	Commentary
Occurrence, Completeness and Accuracy of Operating Expenditure/Accounts Payable We have determined that Operating Expenditure/Accounts Payable represent significant classes of transactions which rely on highly automated processing with little or no manual intervention. Therefore, MOPAC and the MPS's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.	Group, MOPAC and MPS	In response to the risk highlighted in the audit plan we have undertaken the following work: • evaluated the design and implementation of controls over Operating Expenditure/Accounts Payable transactions Findings • As part of our testing of year end creditors, we selected for testing a £3,045,000 accrual in relation to the supply of tasers. Through our investigation, it transpired that whilst the group was contractually committed to the purchase of these tasers, as at 31 March 2023, those tasers had not been delivered. Therefore, the liability did not exist as at 31 March 2023 and so short term liabilities is overstated. This has been reported to you as an unadjusted misstatement – see Appendix D. • As part of our testing of year end creditors, we selected for testing a £5,546,000 accrual. The accrual has been on the balance sheet for several years and relates to future unlodged claims pertaining to a pre-1990 legal claim for Inner Courts for London. As a result of our inquires, management confirmed that no liability existed and that the liability would be derecognised in 2023/24. This was based on a consideration of IAS 37 and the fact that there was insufficient evidence to support a probable outflow of economic benefit. Management confirmed that the same conditions applied to the balance sheet date (31 March 2023) and therefore current liabilities are overstated by £5,546k. This is reported to you as an unadjusted misstatement – see Appendix D. • As part of our testing of year end creditors, we selected a random sample of 33 transactions from the residual population of creditors that had not been selected individually for testing based on criteria. Misstatements were identified in 4/33 of our sample. The total book value of the errors was £70,466. We projected the misstatement over the population tested and this resulted in an extrapolated overstatement of £2,953,476. The extrapolation is a projection of the overstatement in creditors based on our sample testing. The extrapolation has been reported to you as an unadjusted misstatement – see Appendix D. • As part of our testing of operating expenditure we split the population into transactions which come from the accounts payable (AP) system and those that do not go through the AP system. In our sample testing of transactions from AP, we identified errors in 3/24 samples. The total value of the errors identified was a net overstatement of £8,517.36. When extrapolated over the population tested, the extrapolation was £3.220m. As the extrapolation exceeds our triviality threshold we are required to report this to you as an unadjusted misstatement - see Appendix D. *Continued overleaf . . .* No issues were identified as part of our evaluation of the design and implementation of controls. However, there is a linked control finding identified as part of our journals work around the purchase order values. More information on this is set out on page 19. Conclusion Our work has not identified a material issue in relation to this risk.

Audit findings

2. Financial Statements - other risks

Risks identified in our Audit Plan	Relates to	Commentary
Occurrence, Completeness and Accuracy of Operating Expenditure/Accounts Payable - continued	Group, MOPAC and MPS	Findings – *continued* • As part of our testing of operating expenditure we split the population into transactions which come from the accounts payable (AP) system and those that do not go through the AP system. In our sample testing of transactions from non-AP, we identified errors in 3/38 samples. The total book value of the errors was £276k. £274k of this related to an accrual where the expenditure related to 2023/24. We projected the aggregate misstatement over the population tested and this resulted in an extrapolation of £4,360,000. As the extrapolation exceeds our triviality threshold we are required to report this to you as an unadjusted misstatement - see Appendix D. • As part of our review of your creditors balance, you held £80 million of liabilities in relation to goods receipted but not yet invoiced. Management provided us with a transaction level listing that reconciled to the £80 million. We reviewed the listing and identified that when filtered by transactions over 1 year old, the total net amount was £24.5 million based on purchase order date. Management reviewed this listing and confirmed that they agreed that £7.2m was an error and have adjusted the accounts – see slide (43). The residual £17.3m is still contained within the financial statements. We tested this balance to determine whether they existed as at the balance sheet date. This testing identified errors. We can therefore not conclude that this balance of £17.3m exists as at the balance sheet date. We have therefore reported this as an unadjusted misstatements. Given the issues we have identified, a related control finding has been raised – see slide 39. No issues were identified as part of our evaluation of the design and implementation of controls. However, there is a linked control finding identified as part of our journals work around the purchase order values. More information on this is set out on page 19. Conclusion Our work has not identified a material issue in relation to this risk.

Audit findings

2. Financial Statements - other risks

Risks identified in our Audit Plan	Relates to	Commentary
Occurrence, Completeness and Accuracy of Police Officer and Staff Expenditure We have determined that Police Officer and Staff Expenditure represent significant classes of transactions which rely on highly automated processing with little or no manual intervention. Therefore, MOPAC and the MPS's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.	Group, MOPAC and MPS	In response to the risk highlighted in the audit plan we have undertaken the following work: • evaluated the design and implementation of controls over Police Officer and Staff Expenditure transactions Findings: No issues were identified as part of our evaluation of the design and implementation of controls. Conclusion **Our work has not identified a material issue in relation to this risk.**

2. Financial Statements – issues and risks

This section provides commentary on issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant matters identified during the year.

Issue	Commentary	Auditor view
Self authorisation of journals In 2018/19 MOPAC and the MPS transferred to a new finance ledger system. Management took the decision not to implement a journal authorisation control and therefore users have the ability to post and authorise their own journals. The absence of this control increases the risk that fraudulent or inappropriate journals could be posted without review or detection. We continue to recommend and encourage management to strengthen existing controls around journal authorisation.	Our review of the PSOP journal control environment identified that there is no control to authorise journals raised by journal users within the MPS and MOPAC finance teams. Journals posted by SSCL however have a separate manual authorisation process where journals are reviewed by another member of SSCL finance team before being posted to the ledger. Prior to the PSOP change, all MPS finance team journals above £10k were reviewed and authorised by another appropriate person. The control objective was to identify, detect and correct errors; either from deliberate fraud or unintentional mistakes. MPS management made the decision to not implement a journal authorisation control for PSOP. This decision was arrived at following consideration of the control environment, risk appetite and level of risk inherent in this respect. The judgement MPS management put forward is that budget holder review is an adequate compensating control that achieves the same control objective; the premise being significant errors from journals would be picked up by budget holders during their monthly review of the budget as the errors would present as variations to their expectations. Budget holders would then initiate an investigation and such journals will be identified and corrected. In addition, consideration was given to year end journals. Management was satisfied any errors in year end journals would either be detected by a budget holder or, where not within a specific budget holder's remit, would be identified by the review undertaken by central finance in closing the accounts. In the context of the other mitigating controls, the MPS risk appetite, the effectiveness of journal authorisation as a control in itself, and the wider control environment, management have concluded that the absence of journal authorisation control would not lead to a material misstatement in the financial statements.	It is a matter for management as to the controls that they operate. However, we note the following: • Identification of an error through budget holder review requires there to be a variance to expectation. An erroneous journal can be posted to make *actuals* in line with the budget and therefore such journals would avoid detection. • Not all journals impact budgets i.e. reserves/suspense/holding accounts and so journals posted through these ledger codes will avoid detection. • Journals are often used to mask fraud. Typically, fraud occurs on the '*little and often*' basis and so these journals would avoid detection as they would not present as a significant variance on a budget holder review An effective budget holder review process is dependent on a number of factors. Some key factors are: • the skills and relevant training of the budget holders, • their capacity to perform the procedure • the adequacy of reporting from the system; and • also having regard for the differing levels different budget holders may place on what constitutes a *significant variance* requiring investigation. We have challenged management as to whether there may be a gap in the controls, in light of the above risks. Management's responses set out in the commentary. Management's judgement is that any gap is within the MPS' risk appetite, that the control itself is not, in and of itself, particularly effective, that the benefit of any such control is considerably outweighed by the cost, and the impact on the control environment is not significant. In response to this risk identified we performed additional procedures including: • Review of users posting journals and review of their job role to ensure they are appropriate individuals to be posting journals • Analysis of volume and value of journals posted per user to identify any unusual fluctuations • Added custom routines to our journals testing strategy to target testing on manual journals, clearing accounts and new accounts. We remain of the view that the lack of journal authorisation increases significantly the risk of fraud and/or error in the financial statements and management accounts. We do not consider that budgetary control provides an adequate compensating control.

2. Financial Statements – issues and risks

Issue	Commentary	Auditor view
MOPAC – data breach	During the year we were made aware of a data breach pertaining to personal and sensitive data. Once management were aware of the data breach, they quickly moved to shut the website down, inform the Information Commissioner's Office (ICO) and launch and investigation. We have been informed that the data breach was as a result of human error whilst performing an update to the website rather than a deliberate cyber-attack. MOPAC are currently working with experts to communicate the data breach to those affected.	In terms of the financial statements, we are satisfied that the issue does not pose a risk of material misstatement. It is too soon to quantify any potential liability arising from litigation and there is insufficient information to even report a contingent liability in the financial statements. We continue to remained briefed by management as the situation develops but the issue itself has been considered and does not impact our ability to issue an opinion. We note that there has been a subsequent cyber attack in 2023/24. We have considered this matter and concluded that it does not impact the 2022/23 financial statements.

2. Financial Statements - matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view and management response
Invoice Price Variances (IPV)- Operating Expenditure **2021-22** In 2021-22, as part of our review of the financial ledger we identified an £8 trillion correcting journal that had been posted to the finance system. We investigated this further to understand the prevent, detect and correct controls in place in order to ensure the accounts were free from material misstatement. **2022-23** As part of our journals work this year, we identified a £1 trillion correct journal posted to the finance system. Similar to the £8 trillion transaction in the prior year, this transaction related to an input error on a PO which was subsequently receipted incorrectly. Again, like 2021-22, this erroneous transaction was detected and corrected such that there was no error in the year end financial statements.	A purchase order had been set up incorrectly whereby the unit price and quantity had been incorrectly entered. Once the invoice was received and entered into the system the wrong unit price per the PO was applied and created an invoice price variance (IPV) of £1 trillion (£8 trillion in the PY) that was posted to the general ledger. This error was subsequently identified by SSCL and corrected. Prevent controls- the system does not prevent a transaction being recorded when it is exceeds the PO amount however the invoice would not be paid due to the 3 way matching controls in place. The accounting entries will however have been posted to the ledger. Therefore prevent controls are limited. Detect and Correct controls- The SSCL P2P team run monthly reports on IPVs checking for attributes such as the size of the IPV as well as the level of decimalisation (as in this case the decimalisation was wrong), and investigate the IPVs to determine if they are true or there is an error. The P2P team also keep a summary of the total IPVs in each report and the number corrected as an audit trail but also for training purposes. As a secondary control the R2R team will also run an IPV report at month end to check if there are any IPVs they believe the AP Team may have missed and send them over for investigation. There is therefore some level of segregation of duties as two separate teams within SSCL run reports for IPVs and should mean that there is reduced chance of IPVs going uncorrected. The MPS also review monthly budget monitoring reports where any large variances of outturn to budget are investigated and where errors are identified corrections are made.	Although a large error was posted into the financial system we have reviewed the controls in place to prevent, detect and correct misstatements. We are satisfied these controls are designed effectively and as evidenced here were able to identify a material misstatement which was subsequently corrected. **Management response** As noted, appropriate compensating controls are implemented and operating effectively to mitigate the risk of Invoice Price Variances leading to a misstatement in expenditure. No changes are proposed. We will explore a system solution to avoid this occurrence through the Met Business Services programme in due course.

2. Financial Statements - matters discussed with management

Significant matter	Commentary	Auditor view and management response
AUC Opening and Closing Balances – Classification of Disclosures From our testing performed on AUC reclassifications and AUC closing balances we identified a number of assets which had become fully operational in year or in previous years that had not been reclassified in the correct financial year. There is a risk that the net book value of assets becomes misstated where assets are not classified in the correct asset class in a timely manner and depreciation not charged on the asset once it becomes operational. This impacts the opening balance presented in the AUC classification of the PPE disclosure note.	Additional work by ourselves and management has been necessary to provide reasonable assurance that addresses the risk of material disclosure misstatement. This included identifying the population of assets most 'at risk' of being misclassified in the opening balance and evaluating whether they were operational as at 1st April 2022. This 'at risk' population was based upon assets that had very little (or no) addition during 2022/23. This characteristic was consistent with the errors originally identified and makes sense because if the asset had become operational before 1st April 2022, then additional spend was unlikely for the completed asset. As a result of extending our sample and evaluating the 'at risk population, our combined coverage of the population was 82 assets across both AUC reclassifications and AUC closing balances. Following this additional work, the cumulative estimate of disclosure error stood as follows: [see table below] **There is an uncertainty in the assessment representative of low value 'at risk' items not subject to testing and nil responses to items within our at risk testing* This assessment concluded that the total estimated disclosure error stood at £50,704k. From which management were able to satisfy themselves that this was immaterial in the context of their wider financial statements, and thus the requirements of IAS8 for Prior Period Misstatements had not been met. As auditors, we are in agreement with this conclusion as the balance sit comfortably below the headline materiality threshold communicated to yourselves in the audit plan. We are therefore able to conclude that the opening balance presented is materially accurate. In assessing the material accuracy of the closing balance, we note that our testing included a £10,012k error in relation to the in-year movement on CONNECT – reported on page 53). As this is an immaterial disclosure error, we able to conclude that the AUC closing balance presented is materially accurate.	Based on our work, we have seen improvements in the processes and controls management put in place to ensure the correct classification of AUC at the year end. These processes and controls rely on the timely and accurate supply of information from people outside of finance. As a result, our prior period recommendation, set out on slide 42, that "Management should ensure that controls are enhanced to capture and record assets once they become operational on a timely basis to ensure the correct accounting treatment for operational assets." has still been deemed an 'in progress' item for 22/23. **Management response** This is a recurring issue identified through the audit process. There are agreed processes in place to ensure that the status of assets under construction are communicated to finance on a timely basis to ensure that they are appropriately classified and depreciation commenced in the correct period. These processes are clearly not operating as designed. For 2023-24, we will conduct a full review of AUC balances at the end of period 11 to inform the year end position. From the results of this work, and additional work noted to the left, we will identify areas of the business where there are significant issues and agree necessary changes to processes to address this problem

	Fail	Uncertainty*
AUC items classified within 22/23	25,913k	11,243k
AUC items classified in the closing balance as at 31st March 2023	10,287k	3,262k
Subtotal	36,200k	14,505k
Total	50,704k	

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £1,976m	Group and MOPAC	Land and buildings comprises £1,346m of specialised assets such as police stations, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£458m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. MOPAC also hold £81m of other assets (Investment properties, surplus assets, assets held for sale, finance leases and residential properties) which are valued at market value. MOPAC and the Group have engaged a new valuer this year following the expiration of the contract with Montague Evans. Avison and Young has been engaged to complete the valuation of properties as at 31 March 2023 on a five yearly cyclical basis. This is a change from the previous valuations where the valuation was performed half way through the year at 30 September. With a valuation as at 31 March 2023, there is no risk that the carrying value of revalued assets could different from the current value as at the balance sheet date. Not all assets were subject to revaluation – the total value of these assets were £105m. We have reviewed the reasonableness of management's judgement not to revalue these assets and we are satisfied that it is reasonable and doesn't lead to a material misstatement in the financial statements. The total year end valuation of properties was £1,976m, a net increase of £2m from 2021/22 (£1,974m).	We reviewed your assessment of the estimate considering: • ISA540 requirements; • assessment of management's expert to be competent, capable and objective; • completeness and accuracy of the underlying information used to determine the estimate; • the appropriateness of your alternative site assumptions which remain consistent with previous years; • reasonableness of increase/decrease in estimates on individual assets; • consistency of estimate against indexed property market trends, and reasonableness of the decrease in the buildings estimate / Increase in the land estimate; and • Adequacy of disclosure of estimate in the financial statements. Findings Our findings on PPE in terms of misstatements, have already been reported on pages X and X. In terms of the accounting estimate, land and buildings have been appropriately valued by the instructed valuer. Whilst the general method of valuing assets is unchanged, there were changes in the assumptions this year primarily driven by the use of a new valuer. The most significant changes in assumptions were in relation to BCIS costs and floor areas. Build costs: Build costs are a key assumption in DRC valuations. It represents the cost per square foot of rebuilding a specialists asset i.e. Police stations. Your previous valuer used RICS published BCIS costs. Avison and Young have however formed their own build cost estimate using recent construction data. We have formed the view that Avison and Young's approach is reasonable by corroborating the source data being used, taking advice from our auditor's expert and comparing the build cost to the published BCIS data. In general, the build cost assumption from Avison and Young is higher than the mean build cost in the BCIS published data. Whilst it is higher than the mean, it still falls within the upper range. Ceteris paribus, the impact of the change in the build cost assumption results in the value of your DRC assets increasing compared to the prior year. Although we note that, in general, the value of DRC buildings have fallen year on year and a result of changes in floor areas adopted. Our audit response to this is defined below. Continues overleaf . . .	Green

2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Relates to	Audit Comments	Assessment
Land and Building valuations – £1,976m	Group and MOPAC	Floor areas: With a change of valuer, management took the opportunity to refresh the data held pertaining to floor areas of its estate before sending this to the valuer. This resulted in a significant movement in floor areas with some assets doubling or halfling in size. We performed work to: (a) assess the reasonableness/accuracy of the updated floor areas and; (b) determine whether the change in floor areas indicates the presence of an error in the prior period valuation. In terms of (a) we have liaised directly with estates to understand the new CAD floor area tool utilised to prepare the data shared with Avison Young. In terms of (b) we did form the view that the change in floor areas was most likely an error in the prior year rather than a change in accounting estimate. Work was performed to quantify the impact of this error. This work showed that for several assets, the error in the prior year valuation was material. The valuation differences however did not all go one way – some assets were overstated whilst others were understated. In aggregate, the net error on the balance sheet was £13m. As this is not material, the accounting standards does not require management to amend the opening balances and the prior period comparators. Other assumptions: We also reviewed the reasonableness of other assumptions including externals, professional costs, rental values and yields. There are no issues to report and we have concluded that these assumptions are reasonable. Conclusion **We are satisfied that the estimate of your land and buildings valuation is not materially misstated.**	Green

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Orange] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Net pension liability £25,611m	MOPAC, the Group and MPS	MOPAC and the MPS's net pension liability at 31 March 2023 is £24,343m (PY £39,246m) comprising the Police Pension Scheme 2015, the 2006 New police Pension Scheme and the Police Pension Scheme all of which are unfunded defined benefit pension schemes. The group uses Hymans Robertson to provide actuarial valuations of the group's liabilities derived from these schemes. The actuary utilises key assumptions such as life expectancy, discount rates and salary growth. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. The latest full actuarial valuation was completed in March 2024 using membership data as at 31st March 2022. There has been a £14,904m net actuarial gain during 2022/23, of which £15,295m has impacted the Comprehensive Income and Expenditure Statement..	• We have obtained an understanding of the processes and controls put in place by management to ensure the group's pension fund net liability is not materially misstated and evaluated the design of associated controls; • We have assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • We have assessed the impact of any changes to the valuation method; • We have assessed the accuracy and completeness of information provided by the MPS to the actuary to estimate the liability; • We have used PwC as our auditors expert to assess the actuary and assumptions made by actuary – see table below for comparison with Actuary assumptions. As assumptions applied have been found to be within the appropriate range by our auditor's expert we have determined the overall assessment of assumptions applied as reasonable.	Green

LGPS Assumptions	Actuary Value	PwC range	Assessment
Discount rate	4.75%	4.75%	Green
Pension increase rate (CPI inflation)	2.95%	2.95% - 3.00%	Yellow
Salary growth	3.2%	2.95% - 4.00%	Green
Life expectancy – Males currently aged 45 / 60	Current males: 26.7 years Future males: 28.1 years	Current males: 25.9-26.7 years Future males: 27.3-28.1 years	Yellow
Life expectancy – Females currently aged 45 / 60	Current females: 29.2 years Future females: 30.6 years	Current females: 28.5-29.2 years Future females: 29.8-30.6 years	Yellow

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
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- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Net pension liability £25,611m	MOPAC, the Group and MPS	See previous slide.	• We have performed additional tests in relation to the accuracy of member data to gain assurance over the 2022/23 full quadrennial valuation carried out by the actuary; • We have tested the consistency of the pension fund net liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • We have assessed the reasonableness of decrease in estimate; and • We have undertaken additional procedures to gain assurance that the £1,988m of 'Other Experience' recognised in your net pension fund liability is reasonable. The £1,988m of 'Other Experience' reflects the liability decrease in relation to the updated membership data. **Conclusion** We are satisfied that disclosures provide sufficient information to the user of the accounts regarding the estimation uncertainty and key judgements underpinning the valuation of the net pension liability. We are satisfied that the estimate of your net pension liability is not materially misstated.	Green

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
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2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Other estimates and judgements include: • Property, Plant and Equipment: depreciation including useful life of capital equipment.	Group and MOPAC	Depreciation is calculated based on the asset value and expected useful life of assets. The Group monitors the useful life of assets to identify where any changes to the depreciation charge are required during the year;	For buildings, the depreciation charge in the financial statements is based on the historic useful economic life (UEL) data stored in the asset register. Whilst management have regard for the useful UEL supplied by their valuer each year, they do not update the fixed asset register unless the UEL provided by the valuer is significantly different. We performed an analytical procedure by setting an expectation for depreciation based on UELs provided by your valuer. We then compared this to the actual depreciation charged in the financial statements to assess reasonableness. Our analytical procedure identified that the depreciation charge was cautious, but not materially misstated. This means that the depreciation charge in the financial statements is higher than our expected depreciation charge. The key driver for this was the depreciation on buildings. Our expectation for depreciation on buildings was based on a UEL provided by your valuer. Management does not update the UEL on the fixed asset register each year to the UEL provided for the valuer. They only update it where the difference is significant. This inconsistency resulted in the depreciation charge we expect being lower than the charge made.	Yellow
• Provisions	Group and MOPAC	The most significant provision on the balance sheet is the provision for Third Party Liabilities. The calculation of the provision required is based on an established approach using the estimated reserve required to settle ongoing cases from system reports adjusted for the differences between amounts reserved and amounts paid out in settlement on recent settled cases. Other provisions will be based on professional judgement using suitable available supporting documentation.	Our work in respect of the estimate of your provisions has not identified any material issues.	Green

Assessment

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- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
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2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
• Accruals including the annual leave accrual and Home Office pension top-up accrual.	Group, MOPAC and the MPS	The two largest accruals are the Home Office Pension Top-up and employee annual leave accrual, which are documented below. The remaining balance is made up of smaller accruals from around the business. Accruals will be based on actual information on balances owed (eg. invoices) where possible but in some cases estimates may be used where it is not possible to determine the exact amount to be accrued. Assumptions will vary depending on the accrual however, business accountants will use their professional judgement in determining an appropriate estimate. Source data used will depend on the nature of the specific accrual but is likely to include amongst other things invoices, contracts, timesheets and correspondence with third parties to derive a reasonable estimate. Home Office Pension Top-up Accrual (£330m): The accrual is a calculation based on the amount accrued from the previous year, the amount received in cash from the Home Office during the current financial year and the deficit on the Pension Fund Revenue Account at the end of the financial year which is recorded on the ledger. Monthly data is used from the ledger for the return to the Home Office to determine the outturn for the current financial year. This data is prepared by Corporate Finance for review and inclusion in the return submitted by the Pensions Lead in HR. Annual leave accrual (£198m): For police officers and PCSO, computer aided resource management system (CARMS) data is taken and ready reckoner pay rates are applied to calculate the accrual. The key assumption made by management is that the average hours of annual leave carried forward per pay band for those officers registered on CARMS is reflective of the hours of annual leave carried forward by Officers not on the CARMS system, the source data used to calculate the accrual estimate for policer officers and PCSO is CARMS. For police staff, samples are selected to determine the average unused leave that is then applied to the population. The key assumption made in calculating the Holiday accrual for Police staff is that the sample data is representative of the entire population. Data derived from these samples is collected through self reporting (holiday entitlement forms). All data is crossed checked and reconciled to HR data. Sufficient numbers of police staff are sampled to ensure that there is a statistically negligible chance that the sample deviates materially from the population from which it has been selected from.	Our work in respect of the annual leave accrual has not identified any material issues. Our work in respect of the Home Office Pension Top-up accrual and other accruals has not identified any material issues.	Green

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
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- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
PFI Liability	Group and MOPAC	PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM , are accounted for as 'on-Statement of Financial Position' by the entity. The PFI liability is determined by the original financial model updated for inflation and relevant variations. The source data is derived from the financial model. Estimates are used for un-invoiced variations (or credits for insurance) based on estimates provided at the time of the variation.	Our work in respect of the estimate of your PFI liability has not identified any material issues.	Green
Consolidation of Empress Holdings Limited and its subsidiaries	Group and MOPAC	On 26 March 2018 the Group acquired the entire issued share capital of Empress Holdings Limited and its subsidiaries ("Empress Holdings Group") which holds the freehold interest in the Empress State Building (ESB). As result of this purchase, a judgement was made that the Empress Holdings Group is a subsidiary of the Group, and its assets, liabilities and reserves would be consolidated into the MOPAC Group Accounts. Management proposed that they consider the rights and obligations of the building to now belong to MOPAC and that there was no residual value to the shares owned by MOPAC (i.e. the only value to the shares was the value of ESB). The Empress State Group is in the process of being dissolved, and as a result will be consolidated at nil value until this is complete.	Our work in respect of the judgement made to consolidate the Empress Holdings Group at nil value is deemed appropriate as a result of the dissolution process. We have not identified any material issues as a result of the judgement made by management.	Green

Assessment

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- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
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2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision - £67.4m	MOPAC and Group	MOPAC is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance. The year end MRP charge was £67.4m (PY £64.2m). We note the increase is a result of £200m of new borrowing for finance capital expenditure being taken out in 2022/23.	Findings: We have carried out the following work: • Confirmed that the MOPAC's policy on MRP complies with statutory guidance. • Assessed that there are no changes to MOPAC's MRP policy in comparison to 2021/22 • Assessed and benchmarked the percentage of MOPAC's MRP charge against the opening capital financing requirement (6.6%). As this is above 2%, it falls within our 'Green' range – no concerns identified. • Assessed and benchmarked the percentage of the MOPAC's total debt against the capital financing requirement (53%). As this is below 100%, it falls within our 'Green' range – no concerns identified. Government have consulted on changes to the regulations that underpin MRP, to clarify that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted. The consultation highlighted that the intention is not to change policy, but to clearly set out in legislation, the practices that authorities should already be following. Government will issue a full response to the consultation in due course.	Green

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
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- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

			ITGC control area rating			
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks
Oracle EBS (PSOP)	ITGC assessment (design and implementation effectiveness only)	● Green	● Green	● Green	● Green	The Oracle system and its sub-modules link to the following processes where relevant controls have been identified: (1) Payroll (2) Accounts Payable (3) Journals
Real Asset Management (RAM)	ITGC assessment (design, implementation and operating effectiveness)	● Green	● Green	● Green	● Green	RAM links to PPE where relevant controls have been identified.

Assessment

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- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Deputy Mayor (for MOPAC) and the Commissioner (for the MPS). We have not been made aware of any incidents in the period that would have a material impact on the financial statements and no other material issues have been identified during the course of our audit procedures.
Matters in relation to related parties	As part of our work on the related parties disclosure, we identified 3 control findings. None of these have had an impact on the draft financial statements however we have raised them to management to encourage best practice. See Appendix B for details. Based on the work we have performed, we are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	Letters of representation have been requested from both the Deputy Mayor (for MOPAC) and the Commissioner (for the MPS), including specific representations in respect of the following issue: • Confirmation that the total value of covert transactions, covert assets, covert bank and cash balances in the MPS, MOPAC and group financial statements is not material. • Confirmation that the total value of covert assets not capitalised and included in the financial statements is not material.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to: • The Greater London Authority (in respect of short-term investments and long-term borrowings); • National Westminster Bank PLC (in respect of cash held at bank) and; • Lloyds Bank PLC (in respect of a bank account held by Equiniti on your behalf to process police officer pension payments). This permission was granted and the requests were sent. We have received confirmations from the The Greater London Authority, National Westminster Bank PLC and Lloyds Bank PLC.
Accounting practices	We have evaluated the appropriateness of MOPAC, MPS and the group's accounting policies, accounting estimates and financial statement disclosures. Our review found no material commissions.
Audit evidence and explanations/ significant difficulties	We did experience some delays in obtain requested evidence from management. Delays were primarily as a result of planned annual leave over the summer holidays.

2. Financial Statements: other communication requirements

Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of MOPAC, the MPS and the group's financial sustainability is addressed by our value for money work, which is covered in our Auditor's Annual Report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by MOPAC, MPS and the group meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of MOPAC, the MPS and the group and the environment in which they operate; • MOPAC, the MPS and the group's financial reporting framework; • MOPAC, the MPS and the group's system of internal control for identifying events or conditions relevant to going concern; and • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified for either the MOPAC, the MPS or the group • management's use of the going concern basis of accounting in the preparation of both sets of financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with each set of audited financial statements (including the Annual Governance Statements and Narrative Reports), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Our work on other information is in progress. Subject to the satisfactory resolution of outstanding matters set out on page 4, we plan to issue an unmodified opinion in this respect. The draft wording for our opinions will be provided in a separate report.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. We do not have any exceptions to report except for the following: We are in the progress of completing our work in respect of the arrangements in place to secure value for money. We have identified risks of significant weaknesses in respect of: • the risk that the revised governance arrangements in the MPS and in MOPAC and not effective in delivering improvement in London policing and performance; • the risk that the turnaround arrangements put in place by the MPS and MOPAC fail to adequately respond to the recommendations from HMICFRS and Casey; • the risk that vetting arrangements are not effective; • the risk that arrangements are not effective to mitigate the delivery and financial risk in two major transformation projects relating to CONNECT and Command and Control; and • the risk that budgeting arrangements are not effective in the transparent and realistic reporting of current and forecasted financial performance. The first four risks highlighted above are carried forward from significant weaknesses identified in our 2021/22 auditor's annual report. The last risk is a new risk identified for 2022/23. We will conclude our findings in respect of these risks on completion of our audit work within the Auditor's Annual Report.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA audit instructions. As the group exceeds the specified reporting threshold of £2billion we examine and report on the consistency of the WGA consolidation pack with the group's audited financial statements. Note that work is not yet completed and will complete our work in respect of MOPAC's WGA consolidation pack following the issue of our opinion. WGA instructions have not yet been provided to us by the NAO.
Certification of the closure of the audit	We intend to certify the closure of the 2022/23 audit of MOPAC and the MPS following the completion of our audit opinion, WGA and value for money conclusion work. We intend to certify the closure of the 2021/212 audit of MOPAC and the MPS following the completion of review of the WGA consolidation return.

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body 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 body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM: our procedures and conclusions

In our January 2024 audit panel, we issued our audit findings report which included an audit letter an audit letter explaining the reasons for the delay. This letter is attached in Appendix K to this report. We expect to issue our Auditor's Annual Report in April 2024, although we note that our work has been delayed due to the information needed not being made available to us. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the MOPAC and MPS' arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified the risks set below. Our work on these risks are underway.

- the risk that the revised governance arrangements in the MPS and in MOPAC and not effective in delivering improvement in London policing and performance;
- the risk that the turnaround arrangements put in place by the MPS and MOPAC fail to adequately respond to the recommendations from HMICFRS and Casey;
- the risk that vetting arrangements are not effective;
- the risk that arrangements are not effective to mitigate the delivery and financial risk in two major transformation projects relating to CONNECT and Command and Control; and
- the risk that budgeting arrangements are not effective in the transparent and realistic reporting of current and forecasted financial performance.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence 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. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard 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.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to MOPAC, the Group and MPS. No non-audit services were identified which were charged relating to the 2022-23 financial year.

Appendices

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	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	•	
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	•	•
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud.	•	•
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
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		•
Expected modifications to the auditor's report, or emphasis of matter		•

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 Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

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.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan– Audit of Financial Statements

We have identified six recommendations for MOPAC, MPS and the group as a result of issues identified during the course of our audits. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2023/24 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Low – best practice	**Declaration of interests (MPS only):** From our related parties work we noted that the draft accounts were published without management obtaining a signed declaration of interests from a senior officer. Without signed declarations, there is a risk that the accounts include a material misstatement due to disclosure omission of a related party transactions. After our challenge of this missing declaration, the senior officer returned a signed declaration which confirmed that they had no interests. There is therefore no disclosure misstatement in the draft financial statements.	We recommend to management that they obtain all signed declarations from senior officers prior to producing draft financial statements. **Management response** Signed declarations of interests are requested from all executive members of the Management Board. We will ensure that a full set of returns are available for audit inspection in 2023-24
Low – best practice	**Website not updated (MPS only):** From our work on related parties, we identified that the Management Board meetings available via the publication scheme on the MPS website had not been updated since October 2022.	We recommend that the management board minutes are published in a timely manner to allow transparency and scrutiny. **Management response** We will update the website to ensure that all items under the publication scheme are up to date
Low – best practice	**Declaration of interests – standing agenda item (MPS only):** From our work on related parties we noted from our review of the Management Board meetings that were available online that it was not documented if the meeting started with any declarations of Interests to identify any potential conflicts which is considered to be good governance practice.	As best practice governance, we recommend that key decision making boards all having conflicts of interest as a standing agenda item at the beginning of meetings. This should be documented clearly in the minutes. **Management response** Declarations of Interest is a standing agenda item at Management Board meetings, and will continue to be so.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Action Plan– Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	**Floor areas:** As part of our work on PPE we identified that there was significant movements in floor areas for many of your assets compared to the floor areas used in the prior year valuation. Through investigation, it became clear that the floor areas used in the prior year valuation were either incorrect or outdated. Whilst we have gained assurance that this issue has not resulted in a prior year material misstatement, the issue does indicate a weakness in the process and controls management have in place to ensure that floor areas supplied to the valuer remain complete and accurate.	We recommend to management that they put in place additional processes and controls to ensure that floor area information they hold for each asset is kept up to date. The updated information must then be supplied to the valuer annually to ensure the year end valuation exercise produces a materially accurate estimate. **Management response** As noted, there were some issues identified with floor area information used by the previous valuer. We are undertaking a process of ensuring that we have digital records of all floor areas which will help to ensure that records are kept up to date.
Medium	**GRNI – cleansing:** As part of our work on Creditors, we identified that transactions over 1 year old had a total net amount of £24.5 million (based on purchase order date). We raised this with management because in our view, the likelihood of the liability existing is remote. Whilst management agrees with the premise that legacy GRNI's are unlikely to crystalise as future payments, they have told us that the £24.5 million is not the true net figure for GRNI's over 1 year old. Management have explained that they are netted off by several debit transactions in the full listing. For 2022/23, management have prepared a cleansing analysis, as detailed in slide 15.	We recommend that management regularly cleanse the GRNI population to ensure the net balance remains accurate. **Management response** The process for cleansing GRNI records cannot be undertaken in bulk due to system limitations. As a result, it is a time consuming exercise to remove aged POs that are no longer in use. We have commissioned SSCL to use automation to cleanse low value aged GRNI balances which has removed a significant volume of GRNI balances. We are in the process of reviewing and cleansing higher value GRNI balances using analytic techniques, and where necessary, manual intervention. We have made significant progress in this area post year end already. As noted on slide 15, we have removed balances totalling over £7m already, and are progressing through the remaining balance. Once the aged items are cleansed, the automated cleanse activity should provide an adequate control, but in addition, on a quarterly basis we will review higher value aged GRNI balances for review.
Medium	**Covert Monies:** As part of our work on Cash and Cash Equivalents we have noted that there were Covert Bank Accounts, for which a Bank Reconciliation was not completed as at the 31st March 2023. This was determined to be a result of vetting delays impacting capacity available. We have met with the Head of Covert Finance to establish the wider suite of assurance regarding the balance reported. We are satisfied that there is not a risk of material error for 22/23. However, we note that bank reconciliations are a key control to detect and correct misstatements in the financial reporting process.	We recommend that management prepare regular Bank Reconciliations for all accounts, including those utilised for Covert Monies. **Management response** Bank reconciliations are undertaken on a monthly basis for all non-covert bank accounts. Due to the sensitive nature of the covert accounts, the reconciliations can only be undertaken by staff with appropriate vetting clearance. Due to staff capacity issues, a small number of bank reconciliations were not undertaken as at 31st March 2023.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audits of MOPAC and the MPS's 2021/22 financial statements, which resulted in three recommendations being reported in our 2021/22 Audit Findings report. We have followed up on the implementation of our recommendations and note 2 recommendations have not been fully implemented. The recommendation in relation to the capitalisation of assets has been implemented.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	**Self authorisation of journals** From our knowledge of your finance system and its control environment we are aware that management have chosen not implement a control which does not allow the self authorisation of journals. From our review of journals that were tested there was appropriate supporting backing to corroborate the posting of the journal. However, where a journal is initiated by the same person who authorises it, this undermines the segregation of duties and weakens your control environment, as it heightens the risk that inappropriate journals are not identified through your authorisation review process. The individual requesting the journal to be posted should not be the same individual who subsequently authorises the posting of the journal.	**Prior year recommendation** We are aware that management have other mitigating controls to detect and correct unusual or fraudulent journal postings however, to maintain effective segregation of duties and authorisation controls, the individual requesting a journal to be posted should not be the same individual who subsequently authorises the posting of the journal. Management should consider implementing a control which ensures journals are reviewed by a separate individual before being posted to the finance ledger. **2022/23 update** There has been no change to the control environment during the year. Management did take a paper to the Audit Panel explain to Audit Panel members their rationale for not implementing the control. We continue to recommend that journal authorisation procedures are introduced and consider this to be a weakness in the control environment. **Management response** Our existing approach to journal authorisation was designed to create a balance between control and efficiency. As noted, there are other mitigating and compensating controls operating effectively to detect unusual, fraudulent or erroneous journals. Following review, journal authorisation has been introduced from year end 2023-24 and going forward. Additionally, through the Met Business Services programme, we will review the end to end process for journals and consider whether there are further opportunities to improve the control environment in an efficient manner.

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Capitalisation of assets** Our discussions held with your internal auditor DARA highlighted that a number of covert assets had not been capitalised within the fixed asset register (FAR) and therefore did not exist within the Balance Sheet. The value of assets not capitalised is not material however a control weakness exists where covert assets are not capitalised on the fixed asset register and therefore are not accounted for.	**Prior year recommendation** We are aware that covert assets are sensitive in nature and therefore some details of the assets cannot be disclosed within the fixed asset register. We recommend that all covert assets not capitalised are included in the fixed asset register with non sensitive details such as the value and UEL being included in the FAR. Management should ensure there is a control in place to monitor the purchase of covert assets and how these are accounted for within the FAR and subsequently the financial statements. **2022/23 update** The value of covert assets has now been determined and reconciliations conducted. The risks associated with the inconsistent approach to capturing covert assets on the asset register have been accepted by senior management. **Management response** All non-vehicle covert assets have been recorded in the fixed asset register (anonymised as appropriate) as at 31st March 23. The value of covert vehicles in trivial in value for the accounts. We have appropriate asset tracking arrangements for these assets which do not rely on the fixed asset register.

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	Assets Under Construction (AUC) Reclassifications From our testing performed on AUC reclassifications and AUC closing balances we identified a number of assets which had become fully operational in year or in previous years that had not been reclassified in the correct financial year. There is a risk that the net book value of assets becomes misstated where assets are not classified in the correct asset class in a timely manner and depreciation not charged on the asset once it becomes operational.	Prior year recommendation Management should ensure that controls are enhanced to capture and record assets once they become operational on a timely basis to ensure the correct accounting treatment for operational assets. 2022/23 update Based on our work, we have seen improvements in the processes and controls management put in place to ensure the correct classification of AUC at the year end. These processes and controls rely on the timely and accurate supply of information from people outside of finance. Whilst there have been improvements in the processes and controls, we still continue to identify classification misstatements in both your opening, movements and closing balance for AUC. These errors led to both your finance team and our audit team performing a significant amount of additional work. Refer to page 20 for more details on our work performed on AUC. Management response This is a recurring issue identified through the audit process. There are agreed processes in place to ensure that the status of assets under construction are communicated to finance on a timely basis to ensure that they are appropriately classified and depreciation commenced in the correct period. These processes are clearly not operating as designed. For 2023-24, we will conduct a full review of AUC balances at the end of period 11 to inform the year end position. From the results of this work, and the current exercise to review AUC balances, we will identify areas of the business where there are significant issues and agree necessary changes to processes to address this problem

Assessment

✓ Action completed

X Not yet addressed

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which will be made within the final set of financial statements. We are required to report all non-trivial misstatements to those charged with governance.

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
GRNI uncertainty		CR Expenditure	DR Creditors	
As part of our review of your creditors balance, you held £80 million of liabilities in relation to goods receipted but not yet invoiced. Management provided us with a transaction level listing that reconciled to the £80 million. We reviewed the listing and identified that when filtered by transactions over 1 year old, the total net amount was £24.5 million based on purchase order date. We raised this with management because in our view, the likelihood of the liability existing is remote. Whilst management agrees with the premise that legacy GRNI's are unlikely to crystalise as future payments, they have told us that the £24.5 million is not the true net figure for GRNI's over 1 year old. Management have explained that they are netted off by several debit transactions in the full listing. We have challenged management to therefore provide us with a cleansed listing that nets off the old GRNI's with these debits. We have been provided with an analysis by management that evaluates a population of these GRNIs. Based on this analysis, management have determined a £7.2 million downward adjustment to the creditors GRNI balance in the financial statements. These relate to POs where there was no activity post period end. The residual population of GRNIs older than 1 year total £17.3m is still contained within the financial statements. We tested this population and it identified errors i.e. GRNI's where no subsequent invoice came in. We therefore have reported this balance as an unadjusted misstatement given we have not obtained sufficient appropriate evidence over the balance.	MOPAC, MPS and Group	(7,210)	7,210	(7,210)

D. Audit Adjustments

Impact of adjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Variance to valuation report: Within our reconciliation of the Fixed Asset Register to the Valuers report, we noted variances in carrying value for 5 properties as a result of valuation adjustments from the valuer Avison Young. The result of not revising the Fixed Asset Register or Financial Statements is a net understatement of gross book value of £3,622k. The gross valuation movement would be recognised as a £3,828k increase to the revaluation reserve and a £206k debit to the CIES.	MOPAC and Group	DR Expenditure 206 CR Other comprehensive income (3,828)	DR PPE 3,622	(3,622)
Nil net book value assets: Within our assessment of assets with nil Net Book Value (NBV) Assets, we noted a £10.9m error as a result of an asset re-life not going live on the RAM system. We have isolated the impact of this error to the value that would have been applied to the NBV had the adjustment been made as planned. The £10.9m debit would be to accumulated depreciation which in turn would credit the income and expenditure statement as a reversal of depreciation. Management have agreed to make this adjustment to the 2023/24 financial statements. Note, the impact on the CIES will be reversed through the MIRS into the capital adjustment account therefore this has no net impact on your general fund.	MOPAC and Group	CR Expenditure (depreciation) (10,904)	DR PPE (accumulated depreciation) 10,904	(10,904)
Clerical error by your valuer: Within our assessment of Revaluation Movements we requested explanations from management for significant year on year changes. As part of this exercise Avison Young noted a error in their valuation workings for one DRC asset. The difference in Avison Youngs workings is a £5.662m downward valuation to the asset. £3.157m would go through OCI and clear the revaluation reserve whilst the remaining £2.505m of the loss would go through the CIES.	MOPAC and Group	DR Expenditure (reversal of previous downward revaluation) 2,505 DR Other comprehensive income 3,157	CR PPE (5,662)	5,662

D. Audit Adjustments

Impact of adjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Valuation processed in M11 rather than M12: Management processed all of the revaluation movements in month 11 (February 2023) rather than in month 12 (March 2023). As a result, the adjustment only cleared 17 Months of depreciation (11 months from 22/23 and 6 months from 21/22 - where the valuation date was previously 30th September 2021). The adjustment should have cleared 18 months of depreciation, which means there is a one month depreciation discrepancy in the valuation adjustment. This results in a circa £4.984m understatement of PPE.	MOPAC and Group	CR Expenditure (depreciation) (2,757) CR Other comprehensive income (2,227)	DR PPE 4,984	(4,984)
Operational assets not valued as surplus assets: As part of our work we identified several assets that are misclassified in your draft financial statements as operational assets when in fact they are surplus. These assets were Assets Held For Sale (AHFS) during the 2022/23 period but before the 31 March 2023, a decision was taken by management to stop actively marketing them. This decision therefore meant that these assets no longer met the definition of an AHFS. However, because those assets were not brought into operational use, they should have been classified as surplus. Under the relevant accounting standards, surplus assets ought to be valued at fair value. This differs to the valuation basis of operational properties which is valued at existing use value. The **estimated impact** of this is that PPE is understated by £7,169k. The gain would be recognised primarily through the revaluation reserve (£6.1m) with the residual going through the CIES £1.1m. We are have liaised with your valuer to ascertain their assessment of fair value for these properties	MOPAC and Group	CR Expenditure (reversal of previous downward revaluation) (1,105) CR Other comprehensive income (6,064)	DR PPE 7,169	(7,169)
Accrual of tasers that have not been delivered: As part of our testing of your accruals, we identified an accrual for £3.045m in relation to the delivery of tasers. To substantiate the tasers, we requested management provide us evidence that the tasers were received from the supplier prior to the balance sheet date. Management were not able to provide us with this evidence and therefore there is an uncertainty as to whether the liability exists. As a result, we are reporting this uncertainty to you as an unadjusted misstatements.	MOPAC, MPS and Group	CR Expenditure (3,045)	DR Creditors 3,045	(3,045)

D. Audit Adjustments

Impact of adjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
IAS 19 adjustment post membership data update: As explained on pages 12-13, the membership data in the IAS 19 report used in the draft financial statement was dated 31 March 2018. We challenged management over the use of this data because it was over 4 years old. Following our challenge, management provided membership data as at 31 March 2022 to your actuary. Based on this information, your actuary provided you with an updated IAS 19 report. Based on the revised IAS 19 report, the liability has reduced by £1.3 billion. As it is material, management have updated the financial statements. Note, the reduction of the liability is recognised through the MIRS in an unusable reserve. There is no net impact on the general fund. We have audited the updated IAS 19 report including testing the accuracy and completeness of the membership data sent to the actuary. No issues were identified from this work.	MPS and Group	Other comprehensive income (1,144,200) Deficit on provision of services (124,200)	Net pension liability 1,268,400	**(1,268,400)** Note – the entire movement is accounted for within unusable reserves and this has no impact on the general fund.

D. Audit Adjustments

Impact of adjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Creditor - Pre-1990 liability for future unlodged claims in relation to Inner Courts for London. Within our creditor testing we identified £5,535,578.35 which relates to a pre-1990 liability for future unlodged claims in relation to Inner Courts for London. Client has agreed this item is an error (overstatement) in population and have confirmed this has been rectified in 23/24.	MOPAC, MPS and Group	CR Expenditure (5,536)	DR Creditors 5,536	(5,536)
Overall impact		Surplus or deficit on provision of services (155,874) Other comprehensive income (1,149,334)	PPE 21,017 Creditors 15,791 Pension liability 1,268,400	(1,305,208)

D. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which have not been made within the final set of financial statements. We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Creditors – extrapolation from our sample testing As part of our testing of year end creditors, misstatements were identified in 4/33 of our sample. The total book value of the errors was £70,466. We projected the misstatement over the population tested and this resulted in an extrapolation of £2,953,476. The extrapolation is a projection of the overstatement in creditors based on our sample testing.	MOPAC, MPS and Group	CR Expenditure (2,953)	DR Creditors 2,953	(2,953)	Not material and extrapolated
Non-AP – extrapolation of sample As part of our testing of expenditure transactions that do not go through your accounts payable system, misstatements were identified in 3/38 of our sample. The total book value of the errors was £276k. £274k of this related to an accrual where the expenditure related to 2023/24. We projected the aggregate misstatement over the population tested and this resulted in an extrapolation of £4,360,855. The extrapolation is a projection of the overstatement in creditors based on our sample testing.	MOPAC, MPS and Group	CR Expenditure (4,361)	DR Creditors 4,361	(4,361)	Not material and extrapolated

D. Audit Adjustments

Impact of unadjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
PPE Valuation floor area discrepancy As part of our testing of assets revalued in 22-23, we have noted a discrepancy in the floor area adopted for one asset in our residual DRC Building population. The potential impact upon the valuation would be £327,613 reduction in the valuation. As this asset did not have a floor area measured within Manhatten, we have projected this asset overstatement against the population value of other assets identified to also not adopt CAD floor area data. The estimated impact of this is an overstatement of £4,023k. The double entry reported is based on a "worst case scenario" i.e. all of the impact has been reported against the CIES. But in reality, the accounting adjustment would be a mix between RR and CIES, dependent upon accumulated reserves/impairment for individual assets	MOPAC, MPS and Group	DR Expenditure 4,023	CR PPE (4,023)	4,023	Not material and estimated
Extrapolation from our testing of AP operating expenditure As part of our sample testing of accounts payable (AP) transactions within operating expenditure we identified errors in 3/24 samples. The errors identified are summarised below: 1. A £641.81 variance between the transaction amount and amount per the invoiced received as evidence for car wash and fuel, therefore treated as overstatement of operating expenditure 2. Expenditure recorded for mobile call/data services from 2014 this should have been recorded in the financial year in which it was related therefore overstating expenditure for 22/23 3. £3.95 understatement on employee dining expenses when comparing transaction amount to evidence receipts The total value of the errors identified was a net overstatement of £8,517.36. When extrapolated over the population tested, the extrapolation was £3.220m. As the extrapolation exceeds our triviality threshold we are required to report this to you as an unadjusted misstatement.	MOPAC, MPS and Group	CR Expenditure (3,220)	DR Creditors 3,220	(3,220)	Not material and extrapolated

D. Audit Adjustments - Unadjusted

Impact of unadjusted misstatements - continued

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
GRNI uncertainty As part of our review of your creditors balance, you held £80 million of liabilities in relation to goods receipted but not yet invoiced. Management provided us with a transaction level listing that reconciled to the £80 million. We reviewed the listing and identified that when filtered by transactions over 1 year old, the total net amount was £24.5 million based on purchase order date. We raised this with management because in our view, the likelihood of the liability existing is remote. Whilst management agrees with the premise that legacy GRNI's are unlikely to crystalise as future payments, they have told us that the £24.5 million is not the true net figure for GRNI's over 1 year old. Management have explained that they are netted off by several debit transactions in the full listing. We have challenged management to therefore provide us with a cleansed listing that nets off the old GRNI's with these debits. We have been provided with an analysis by management that evaluates a population of these GRNIs. Based on this analysis, management have determined a £7.2 million downward adjustment to the creditors GRNI balance in the financial statements. (See Slide 41) The residual population of GRNIs older than 1 year total £17.3m is still contained within the financial statements. We tested this population and it identified errors i.e. GRNI's where no subsequent invoice came in. We therefore have reported this balance as an unadjusted misstatement given we have not obtained sufficient appropriate evidence over the balance.	MOPAC, MPS and Group	CR Expenditure (17,268)	DR Creditors 17,268	(17,268)	Not material and judgemental
Overall impact		Surplus or deficit on provision of services (23,779)	PPE (4,023) Creditors 27,802	(23,779)	Not material

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Relates to	Auditor recommendations	Adjusted?
Footnote disclosure in note 7.3 incorrect We identified that the MOPAC draft financial statement Note 7.3 foot note incorrectly states £30.0m for breakdown of supplies and services, while TB confirms breakdown should be £93m.	MOPAC and Group	Management have agreed to the disclosure changes.	✓
Note 27 – maturity of long term borrowing The analysis of PWLB maturity in note 27 of the draft financial statements included a misstatement as a result of not correctly analysis EIP PWLB debt. EIP PWLB debt is a debt instrument where each year part of the principle is repayment. In the draft financial statements the analysis was presented on the basis that the entire principle was repayment in the final year. The correct analysis is show below – lines highlighted in yellow have changed from the draft. £'000s 2022/23 **Loans 479,550** Analysis of loans by maturity: Between 1 and 2 years 6,600 Between 2 and 5 years 17,799 Between 5 and 10 years 81,000 Over 10 years 374,151	MOPAC and Group	Management have agreed to the disclosure changes.	✓

D. Audit Adjustments

Misclassification and disclosure changes - continued

Disclosure omission	Relates to	Auditor recommendations	Adjusted?
Incorrect classification of surplus assets as operational. As part of our work we identified several assets that are misclassified in your draft financial statements as operational assets when in fact they are surplus. These assets were Assets Held For Sale (AHFS) during the 2022/23 period but before the 31 March 2023, a decision was taken by management to stop actively marketing them. This decision therefore meant that these assets no longer met the definition of an AHFS. However, because those assets were not brought into operational use, they should have been classified as surplus. There is a disclosure misstatement of £22,000k in your PPE note. Operational land and buildings is overstated by this amount and surplus assets is understated by the same value. Note, this has no net impact on your financial reported position or the balance sheet. Management have decided not to update the financial statements and therefore we are reporting this to you as an unadjusted disclosure misstatement.	MOPAC and Group	To update the accounts for the misstatement.	X
Cash offsetting: In the draft financial statements, cash and cash equivalents is reported on your balance sheet as £194,599k. In note 21 of the draft financial statements, it is explained that the £194,599k is made up of £198,455k of cash held in the London Treasury Liquidity Fund LP and -£3,856k held with banks and financial institutions. Management therefore presented the financial statements by offsetting their net overdraft position against cash held in the London Treasury Liquidity Fund LP. An overdraft can only be offset where there is a legal right. Management were unable to provide us with evidence that there was a legal right to offset and so they have updated the financial statements to present the overdraft position of -£3,856 as a non-current liability. This is a classification change on the balance sheet – the net reported deficit is unaffected by this adjustment.	MOPAC and Group	To update the accounts for the misstatement.	✓

D. Audit Adjustments

Misclassification and disclosure changes - continued

Disclosure omission	Relates to	Auditor recommendations	Adjusted?
Third party monies – note 24: In the draft financial statements, there was a casting error in the table of third party monies. The column for assets should read £41,612k rather than £38,776k. Management have updated the final accounts accordingly. Note – this is a disclosure only and has no impact on the balance sheet or CIES.	MOPAC and Group	To update the accounts for the misstatement.	✓
AUC – CONNECT Following the implementation of CONNECT Drop 1 in 2022/23, management reclassified a proportion of the construction cost to an operational asset. In our AUC Reclassifications testing it was noted that the completion percentage was higher than management had adopted. The impact of this was £10,012k. The Note 16 disclosure impact is that the Plant and equipment classification closing balance is understanded and AUC closing balances is overstated.	MOPAC and Group	To update the accounts for the misstatement.	X
Accounting Policy – UELs Adopted: In the draft financial statements, we noted an inconsistency between the actual UELs adopted and the accounting policy. As documented on slide 25, our evaluation of UELs applied has concluded them to be reasonable. Therefore we requested that management updated their disclosure for consistency	MOPAC and Group	To update the accounts for the misstatement.	✓

Operational Assets	Category	Years (draft)	Years (revised)
Property	Land	Not depreciated	Not depreciated
	Buildings	10-50 years	10-65 years
Plant and equipment	Information technology and communications equipment	3-20 years	2-20 years
	Software development	3-5 years	3-5 years
	Policing support vehicles including patrol vehicles	3-15 years	3-20 years
	Other equipment		4-25 years
Intangible assets	Software licences	3-8 years	3-11 years

D. Audit Adjustments

Misclassification and disclosure changes - continued

Disclosure omission	Relates to	Auditor recommendations	Adjusted?
AUC – Classifications As outlined on Slide 20, our testing performed on AUC closing balances identified assets which had become fully operational in year or in previous years that had not been reclassified in the correct financial year. These should have been classified as operational assets as at 31st March 2023, and there is therefore a disclosure error in their presentation (with nil impact upon the PPE balance disclosed in the Balance Sheet) The errors identified are summarised below: Operational prior to the opening balance date 1. Key Item – Tottenham Police Station Estates Strategy (£7,454k) was found to be operational prior to the opening balance date. As a PPA was not needed, the correct accounting treatment would have been to present this as a reclassification in year. Instead, your AUC closing balance is overstated by £7,454k. 2. In our residual population and 'at risk' population, a further £28,746k was noted as operational prior to the opening balance date. Total = £36,200k - Which agrees to the opening balance PPA assessment documented on slide 20. As a PPA was not needed, the correct accounting treatment would have been to correct the classification in year. Instead, your AUC closing balance is overstated by £36,200k. Operational within 2022/23 1. Key Item – Forensics Next Gen Infrastructure (£5,029k) was found to be operational within 2022/23. The correct accounting treatment would have been to reclassify the asset in the year of operation (2022/23). Opening balance assessment uncertainty On slide 20 we have documented our opening balance PPA assessment, which included an uncertainty of £14,505k. *There is representative of low value 'at risk' items not subject to testing and nil responses to items within our at risk testing*. We therefore have reported this balance as an unadjusted misstatement given we have not obtained sufficient appropriate evidence over the balance.	MOPAC and Group	To update the accounts for the misstatement.	X

E. Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Final fee
MOPAC Audit	£169,108	TBC
MPS Audit	£136,700	TBC
Total audit fees (excluding VAT)	£305,808	TBC

The fees reconcile to the financial statements. The final fee is TBC pending the completion of all audit work including the Value for Money work 2022/23. The final fee is likely to include fees for the additional work performed in respect of PPE Revaluations, AUC classifications, GRNI and the Pensions Liability.

The proposed fee is the same as presented to you in the Audit Plan. The final fee is subject to approval by PSAA.

We can confirm that no-non audit or audit related services have been undertaken for MOPAC, the Group and the MPS relating to the 2022/23 financial year.

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: • the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures • the identification and extent of work effort needed for indirect and direct controls in the system of internal control • the controls for which design and implementation needs to be assess and how that impacts sampling • the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: • increased emphasis on the exercise of professional judgement and professional scepticism • an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence • increased guidance on management and auditor bias • additional focus on the authenticity of information used as audit evidence • a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. • Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: • clarification of the requirements relating to understanding fraud risk factors • additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

G. MOPAC audit letter in respect of delayed VFM work

Sophie Linden

Deputy Mayor for Policing and Crime

2nd Floor, City Hall

The Queens Walk

London SE1 2AA

3rd January 2024

Dear Sophie

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the covid, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many opinions as possible can be issued in line with national timetables and legislation.

The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor's Annual Report in March 2024.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours sincerely

Mark Stocks

Mark Stocks
Key Audit Partner

H. MPS Audit letter in respect of delayed VFM work

Sir Mark Rowley QPM

Commissioner of the Metropolis

New Scotland Yard

Victoria Embankment

London

SW1A 2JL

3rd January 2024

Dear Sir Mark

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the covid, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many opinions as possible can be issued in line with national timetables and legislation.

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For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours sincerely

Mark Stocks

Mark Stocks
Key Audit Partner

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