

**POLICE & CRIME
COMMISSIONER FOR
LEICESTERSHIRE
JOINT AUDIT, RISK &
ASSURANCE PANEL**

PAPER MARKED

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Report of	OFFICE OF THE POLICE AND CRIME COMMISSIONER AND OFFICE OF THE CHIEF CONSTABLE
Subject	IAUDIT FINDINGS REPORT 2023/24
Date	WEDNESDAY 14 th MAY 2025
Author :	LAURELIN GRIFFITHS, GRANT THORNTON

Purpose of Report

1. 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 will be discussed with management, the PCC and Chief Constable as those charged with governance, and the Joint Audit, Risk & Assurance Panel.

Recommendation

2. The Panel is recommended to discuss the contents of the report.

Background

3. None

Implications

Financial:	There are no financial implications associated with this report
Legal:	There are no legal implications associated with this report.
Equality Impact Assessment:	There are no Equality implications associated with this report.
Risks and Impact:	There are no separate Risk implications associated with this report. Risk has been considered by the JARAP under the Terms of Reference and this is covered within the report.
Link to Police and Crime Plan:	The Progress Report is in line with the Terms of Reference of the JARAP which is a key governance and assurance mechanism for the delivery of the Police and Crime Plan.

List of Attachments / Appendices

Audit Findings Report 2023/24

Background Papers

None

Person to Contact

Kira Knott– Tel 0116 222 2222 ext. 3307200

Email: kira.knott@leics.pcc.police.uk



The Joint Audit Findings for the Police and Crime Commissioner for Leicestershire and the Chief Constable of Leicestershire

Year ended 31 March 2024



**Police and Crime Commissioner for Leicestershire
Chief Constable of Leicestershire**

Leicestershire Police Headquarters
St Johns
Enderby
Leicester
LE19 2BX

Grant Thornton UK LLP
17th Floor
103 Colmore Row
Birmingham
B3 3AG

T +44 121 212 4000
www.grantthornton.co.uk

Joint Audit Findings for Police and Crime Commissioner for Leicestershire and Chief Constable of Leicestershire for the year ended 31 March 2024

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 and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Joint Audit Risk and Assurance Panel.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (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 for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2023.pdf \(grantthornton.co.uk\)](#).

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

Laurelin Griffiths

Director
For Grant Thornton UK LLP

Chartered Accountants

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Contents



Your key Grant Thornton team members are:

Laurelin Griffiths

Key Audit Partner

E laurelin.h.griffiths@uk.gt.com

Keith Chaisewa

Audit Senior Manager

E keith.chaisewa@uk.gt.com

Araminta Allen

Audit In-Charge

E araminta.j.allen@uk.gt.com

Section

1. [Headlines](#)
2. [Financial statements](#)
3. [Value for money arrangements](#)
4. [Independence and ethics](#)

Page

- 4
- 7
- 20
- 21

Appendices

- A. [Communication of audit matters to those charged with governance](#)
- B. [Action plan – Audit of Financial Statements](#)
- C. [Audit Adjustments](#)
- D. [Fees and non-audit services](#)
- E. [Auditing developments](#)

- 24
- 25
- 26
- 29
- 30

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 the PCC and Chief Constable 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.

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 will be discussed with management, the PCC and Chief Constable as those charged with governance, and the Joint Audit, Risk & Assurance Panel.

Laurelin Griffiths
For Grant Thornton UK LLP
26 February 2025

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of the Police and Crime Commissioner for Leicestershire (‘the PCC’) and the Chief Constable of Leicestershire and the preparation of the PCC’s and Chief Constable’s financial statements for the year ended 31 March 2024 for those charged with governance.

Financial Statements	
<p>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:</p> <ul style="list-style-type: none">• give a true and fair view of the financial positions of the PCC and Chief Constable’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. <p>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.</p>	<p>Our audit work was completed both on-site and remotely from late 2024 to January 2025. Our findings are summarised on pages 7 to 32. We have identified one adjustment to the financial statements of the Chief Constable and Group that has resulted in an adjustment to the Chief Constable’s and Group’s Comprehensive Income and Expenditure Statements. Audit adjustments are detailed in Appendix D.</p> <p>We have also raised recommendations for management as a result of our audit work. These are set out in Appendix B.</p> <p>Owing to the challenges of undertaking an audit where two previous audits were disclaimed due to the local authority backstop, this year we have been unable to regain full assurance and it has not been possible for us to undertake sufficient work to support an unmodified audit opinion in advance of the backstop date of 28 February 2025. The limitations imposed by not having assurance on opening balances mean that we will be unable to form an opinion on the financial statements. Our anticipated financial statements audit report opinions will be disclaimed for both the Chief Constable and the PCC and Group.</p> <p>Due to the significance of issues noted within the disclaimer of opinion, we have been unable to conclude that the other information published with the financial statements is consistent with our knowledge of your organisations and the financial statements subject to audit.</p>

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

Our work on the PCC's and Chief Constable's value for money (VFM) arrangements is complete, and has been reported in our commentary on the PCC's and Chief Constable's arrangements in our Auditor's Annual Report (AAR) which is presented alongside this report.

We have been able to satisfy ourselves that the PCC and Chief Constable have made proper arrangements in securing economy, efficiency and effectiveness in their use of resources, and we have not identified any significant weaknesses in the PCC's and Chief Constable's arrangements.

We refer you to our AAR which details the small number of improvement recommendations that we have raised.

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 under the Code.

We cannot formally conclude the audit and issue an audit certificate for the year ended 31 March 2024. The new Code of Audit Practice has now been published, alongside updated Auditor Guidance Notes. While the threshold for WGA procedures has remained at £2bn, the NAO is taking the option to ask additional questions for a sample of audits after our opinion is issued. We will issue our certificate following completion of the NAO's work.

Significant matters

The year-end audit was due to commence in September 2024, however, due to significant delays in obtaining vetting clearance the majority of our audit work could not commence until December 2024. These delays, combined with the local authority backstop, have meant less time was available to perform our audit work.

We would like to express our thanks to the finance team for their support and engagement in progressing the audit in recent weeks. We expect to be able to complete the vast majority of our planned audit procedures, despite the delays experienced.

1. Headlines

National context – audit backlog

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided a written statement to Parliament confirming the government's intention to introduce a backstop date for English local authority and police audits up to 2022/23 of 13 December 2024. A backstop date for 2023/24 was proposed of 28 February 2025. The instrument to implement the backstop has since been laid before parliament and has now taken effect.

The 2021/22 and 2022/23 audits of the Police and Crime Commissioner for Leicestershire and the Chief Constable of Leicestershire were disclaimed by the predecessor auditor due to the impacts of the backstop. The fact that a previous audit is disclaimed brings with it a number of challenges. Not least of these is the fact that we do not have assurance over the opening balances in the financial statements for 2023/24 and do not have assurance over property valuations carried out in prior year periods. In addition, there are risks that the allocation of funds between different reserves could be misstated.

With regards to our audit of Leicestershire Police, our intention is that over time we will re-build assurance in respect of prior years. The NAO and FRC are currently working on guidance to support auditors and we will update you as and when this is received. Recognising that the next backstop date is set for 28 February 2025, we have prioritised (amongst other things) the following areas during our 2023/24 audit:

- Risk assessment and evaluation of the control environment for 2023/24 including ISA 315 assessment
- Audit of closing balances as at 31 March 2024
- Audit of income and expenditure and movements within financial year 2023/24 and associated cut off testing
- Testing of journals within 2023/24
- Testing of Movement of Reserves statements and other primary statements (within the constraints that we will not have opening balance assurance)
- Financial statements disclosures
- Recognising the sensitivity of cash, we also looked at the opening cash position as at 1 April 2023.

Given the inherent challenges outlined above, it has not been possible to undertake sufficient audit work by 28 February 2025 to enable us to regain full assurance on opening balances, or on prior year property valuations. The consequence of this is that audit year 2023/24 will be disclaimed. We are working with the NAO and FRC to identify the best way to regain full assurance and return to a clean opinion as quickly as possible over the coming years.

The finance team has engaged well with the audit process during 2023/24 and we have completed a significant amount of audit work that will support the process of rebuilding assurance. We recognise these are unusual and difficult times for all bodies that will be subject to the backstop. We believe that public confidence is best enabled by returning to a position of timely audit reporting and clean opinions as soon as possible. We will continue to work actively with you and others in the sector to do our best to achieve this.

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 will be discussed with management, the PCC and Chief Constable as those charged with governance, and the Joint Audit, Risk & Assurance Panel.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, 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 for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the PCC's and Chief Constable's business and is risk based, and in particular included:

- An evaluation of the PCC's and Chief Constable's internal controls environment, including their IT systems and controls; 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

As highlighted in page 4 of this report, unfortunately, owing to the challenges of undertaking an audit where two previous audits were disclaimed due to the local authority backstop, it will not be possible for us to undertake sufficient work to conclude our work. We therefore plan to issue a disclaimer audit opinion.

The circumstances resulting in the application of the local authority backstop to prior year audits are clearly extremely unusual. The government has signalled its intent that where backstops have been applied, audited bodies and their auditors work together to recover the position over subsequent years. We will follow relevant guidance including from the NAO and the FRC to work with you over the coming years, as we seek to rebuild audit assurance.

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 on 17 April 2024.

	Group (£'000)	PCC (£'000)	Chief Constable (£'000)	Qualitative factors considered
Materiality for the financial statements	6,800	4,500	6,600	Materiality equates to approximately 1.8% of your gross expenditure for the prior year. This assessment reflects the fact that the PCC and Chief Constable operate in a stable, publicly funded environment but takes into account there is likely to be increased interest in the financial statements in 2023/24 in view of prior year disclaimed audit reports and 2023/24 being a first year Grant Thornton UK LLP audit.
Performance materiality	4,420	2,925	4,290	Performance materiality equates to 65% of headline materiality.
Trivial matters	340	225	330	Misstatements above this amount will be reported to management and those charged with governance.
Materiality for senior officer remuneration		20		We have determined that senior officer remuneration is material by nature. We have therefore set a lower materiality at approximately 1.7% of prior year senior officer remuneration.

We have determined financial statement materiality based on a proportion of the gross expenditure of the group, the PCC and the Chief Constable for the financial year. For our audit testing purposes we apply the lowest of these materialities, which is £4,500k, which equates to 1.8% of the PCC’s gross expenditure for the prior 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 Joint Audit Plan.

Risks identified in our Audit Plan	Relates to	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumption that the risk of management over-ride of controls is present in all entities. The PCC and Chief Constable face external scrutiny of their spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, and 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.</p>	<p>PCC, Chief Constable & Group</p>	<p>We have:</p> <ul style="list-style-type: none">• 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 corroboration;• gained an understanding of the accounting estimates and critical judgements applied 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. <p>Our audit work over the risk of management override of controls, and in particular our testing of those journals identified as being most unusual, is complete. We do not have anything to report.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>Presumed risk of fraud in revenue recognition ISA (UK) 240</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	n/a	<p>Having considered the risk factors set out in ISA 240, and the nature of the revenue streams of each of the PCC and the Chief Constable, we have determined that the presumed risk of material misstatement due to the improper recognition of revenue can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; • revenue received by the Chief Constable comes from the PCC; and • the culture and ethical frameworks of public sector bodies, including the Police and Crime Commissioner for Leicestershire and the Chief Constable of Leicestershire, mean that all form of fraud is unacceptable. <p>Therefore, we do not consider this to be a significant risk for the Chief Constable, PCC or Group.</p> <p>There have been no changes to our risk assessment as communicated in our audit plan.</p> <p>Our audit work over the group's revenue is complete, and we have nothing to report.</p>
<p>Risk of fraud related to expenditure recognition PAF Practice Note 10</p> <p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition.</p>	n/a	<p>Having considered the nature of the expenditure streams of each of the PCC and the Chief Constable, we have determined that there is no significant risk of material misstatement arising from improper expenditure recognition.</p> <p>There have been no changes to our risk assessment as communicated in our audit plan.</p> <p>Due to the backstop, we have determined that it will not be possible to complete our planned work over employee benefit expenditure (police pay as reported within Note 2.2 of the financial statements), or related transactions within the Police Pension Fund Account. The work we have undertaken has not identified any significant issues or concerns to report to those charged with governance.</p> <p>Our audit work over the group's other expenditure is complete, and we have nothing to report.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>Closing valuation of pension fund net liability</p> <p>The group's net pension liability (made up of both the Local Government Pension Scheme [LGPS] and Police Pension Scheme [PPS]), as reflected in its balance sheet, represents a significant estimate in the financial statements.</p> <p>The net pension liability is considered a significant estimate due to the size of the numbers involved £1.7 billion (£1.7 billion at 31 March 2023) and sensitivity of the estimate to changes in the key assumptions.</p> <p>We therefore identified the valuation of the liability related to defined benefit pension schemes as a significant risk, which was one of the most significant assessed risk of material misstatement.</p> <p>The actuarial assumptions used are the responsibility of the entities 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. 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 Chief Constable's and Group's pension fund net liability as a significant risk.</p> <p>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.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p>	Chief Constable & Group	<p>We have:</p> <ul style="list-style-type: none"> gained an understanding of the processes and controls put in place by management to ensure that the group's 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 experts (the actuaries for the LGPS and PPS) for this estimate and the scope of the actuaries' work; assessed the competence, capabilities and objectivity of the actuaries who carried out the group's pension fund valuations; assessed the accuracy and completeness of the information provided by the group to the actuaries to estimate the liabilities; tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuaries; undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and obtained assurances from the auditor of the Leicestershire Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary, and the fund assets valuation in the pension fund's financial statements. <p>For both the PPS and the LGPS, full actuarial valuations are performed at regular intervals (every three years for the LGPS and every four years for the PPS), with interim valuations completed on a roll-forward basis. The last full valuation was performed as at 31 March 2020 for the PPS and 31 March 2022 for the LGPS. Due to the previous years' audits being disclaimed, we do not have assurance over the valuations at 31 March 2022 or 31 March 2023, or the member data that underpins the valuations at 31 March 2024.</p> <p>Both the PCC and Chief Constable have staff who are members of the LGPS. However, we noted that all LGPS liabilities are disclosed within the Chief Constable's accounts, with nothing included in the single entity accounts of the PCC. Management have provided us with a working paper detailing their judgements supporting this approach. The key judgement made was that the PCC represents only 1.9% of the total membership of the group (by employee numbers) and hence was not expected to result in a material liability in the PCC's accounts. Based on management's analysis, we are satisfied that there is no risk of a material omission from the balance sheet at 31 March 2024, as this is the net liability balance, however we consider there is a risk that the gross balances in the disclosure notes to the accounts may be materially misstated.</p>

Continued on the next page

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Closing valuation of pension fund net liability (continued)	Chief Constable & Group	<p><i>Continued from the previous page.</i></p> <p>Finally, a technical adjustment has been identified to the Chief Constable's net LGPS position, as presented on the balance sheet. The IAS 19 valuation of the Chief Constable's position resulted in a surplus, which is in line with a number of other authorities. Consideration has been given to IFRIC 14, which interprets IAS 19 and considers the limit on defined benefit assets, minimum funding requirements, and their interaction. IFRIC 14 requires that the IAS 19 valuation is adjusted for an asset ceiling, based on the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.</p> <p>We noted that the Chief Constable had not recognised the net pension fund asset, rather applying an asset ceiling adjustment of £62 million so that there was no asset recognised on the balance sheet at 31 March 2024. However, following an IFRIC 14 assessment performed by the actuary, it was identified that the economic benefit available as a reduction in future contributions was lower than the expected net asset position once agreed past service contributions are paid, and so an additional liability of £20.6 million needed to be recognised in the financial statements. Management have agreed to make required amendments to the financial statements to reflect this additional liability.</p> <p>We have no further issues to report in relation to the closing valuation of the pension liability in the Chief Constable and Group's balance sheets.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>Closing valuation of land and buildings</p> <p>The PCC revalued all land and buildings in 2023/24.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved £86m (£68 million as at 31 March 2023) and the sensitivity of the estimate to changes in key assumptions. The valuation also depends on the completeness and accuracy of source data such as floor areas and subjective inputs such as obsolescence factors.</p> <p>The valuation of land and buildings is done as at 31 December with additional analysis performed to ensure the valuation at 31 December does not differ materially to the current value (or the fair value for surplus assets) at the financial statements date.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.</p>	PCC & Group	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuer, and the scope of their work; 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; tested, on a sample basis, revaluations made during the year, agreeing key source data used such as floor areas and build costs to suitable independent evidence and confirmed that the valuation methodology has been correctly applied; and tested revaluations made during the year to see if they had been input correctly into the PCC's asset register. <p>We reviewed the population of revalued land and buildings upon receipt of the valuation report from the valuer with the aim of determining a sample for testing. We performed a risk-based analysis to determine which properties formed the subpopulation with a significant risk of material misstatement (which were all tested) and those with a lower risk of material misstatement (which were sample tested):</p> <p>Significant risk population – 11 assets, with a value of £57.6m, fell into this population on the basis that either their GIA had changed since their last valuation, or the difference between the valuation and our expectation was significant.</p> <p>Residual risk population – 6 further assets were selected from this population covering assets not previously valued at 31 March 2023, assets with a change in valuation method between 2022/23 and 2023/24 and a haphazard selection from the residual population.</p> <p>Overall, our testing covered 73% of the total land and building population which was deemed sufficient coverage to conclude on the year-end valuations.</p> <p>Our work is complete, we do not have any issues or findings to report.</p>

2. Financial Statements: key judgements and estimates

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

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments
Land and Building valuations – £86.5m	PCC & Group	<p>Land and buildings held at valuation are subject to a 5-year rolling valuation programme, in line with the CIPFA Code. Other land and buildings consist of a mixture of specialised assets valued under different valuation methodologies such as depreciated replacement cost (DRC) and non-specialised assets valued at existing use value (EUV). Management engage Bruton Knowles as experts in the valuation of land and buildings.</p> <p>The PCC engaged Bruton Knowles to complete the valuation of properties at 31 December 2023. All of the PCC's owned land and buildings were fully revalued at 31 December 2023. Management confirmed to us that there was no impairment and no material changes in condition or ownership of land and buildings owned by the PCC between the period 1 January 2024 and 31 March 2024.</p> <p>Land and buildings were valued based on information provided by the PCC on GIAs, estate plans, and inspections performed by the valuer.</p> <p>The total year end valuation of land and buildings was £86.5m, a net increase of £18.1m from 2022/23.</p>	<p>We have:</p> <ul style="list-style-type: none"> • completed risk assessment procedures including understanding processes and controls around the identification and determination of estimates. This included understanding methods, assumptions and data used; • considered the source of the inherent risk associated with the accounting estimate; • considered the competence, capabilities and objectivity of the valuation expert used by the PCC. We have not identified any concerns; • considered the data and assumptions used by management to derive the accounting estimate. We have not noted any significant issues with the completeness and accuracy of this underlying information; • considered the appropriateness of the assumptions used; • we have considered the movements in the valuations of individual assets and their consistency with indices; and • assessed the reasonableness of the disclosures related to accounting estimates. <p>Our work is complete, we do not have any issues or findings to report.</p>

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments																								
<p>LGPS net pension liability – £20.6m (after amendments)</p> <p>The LGPS is in a deficit per the financial statements for the group. This includes an 'asset ceiling' of £82.6m in reference to IFRIC 14.</p> <p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.</p> <p>IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.</p>	Chief Constable & Group	<p>The PCC and Chief Constable's Local Government Pension Scheme net pension liability at 31 March 2024 is £20.6m comprising the Leicestershire Pension Fund obligations.</p> <p>The Chief Constable uses Hymans Robertson to provide actuarial valuations of the Chief Constable's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in the year ended 31 March 2022.</p> <p>Given the significant value of the gross asset and liability position of the scheme, small changes in assumptions can result in significant valuation movements. There has been a £23.5m net actuarial loss during 2023/24 after adjustments.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management's expert for competence, capability and objectivity; assessed the actuary's approach taken, to confirm reasonableness of the approach; tested the completeness and accuracy of the underlying information used to determine the estimate; assessed the reasonableness of the share of LGPS pension assets; considered any changes to valuation methods and their impact; assessed the reasonableness of the movements of the estimated surplus based on all available evidence; reviewed the actuary's calculation of economic benefit associated with the surplus in the LGPS scheme; used PwC as an auditor's expert to assess the actuary and assumptions made by the actuary (see table below); and <table border="1"> <thead> <tr> <th>LGPS Assumptions</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr> </thead> <tbody> <tr> <td>Discount rate</td><td>4.85%</td><td>4.80% to 4.85%</td><td>●</td></tr> <tr> <td>Pension increase rate</td><td>2.75%</td><td>2.75% to 2.80%</td><td>●</td></tr> <tr> <td>Salary growth</td><td>3.25%</td><td>3.25% to 5.30%</td><td>●</td></tr> <tr> <td>Life expectancy – Males currently aged 45/65</td><td>21.9 years 21.1 years</td><td>Not provided</td><td>●</td></tr> <tr> <td>Life expectancy – Females currently aged 45/65</td><td>25.6 years 24.0 years</td><td>Not provided</td><td>●</td></tr> </tbody> </table> <ul style="list-style-type: none"> considered the adequacy of disclosure of estimate in the financial statements. 	LGPS Assumptions	Actuary Value	PwC range	Assessment	Discount rate	4.85%	4.80% to 4.85%	●	Pension increase rate	2.75%	2.75% to 2.80%	●	Salary growth	3.25%	3.25% to 5.30%	●	Life expectancy – Males currently aged 45/65	21.9 years 21.1 years	Not provided	●	Life expectancy – Females currently aged 45/65	25.6 years 24.0 years	Not provided	●
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2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments																				
Police Pension Scheme liability - £1,710m	Chief Constable & Group	<p>The Chief Constable's Police Pension Scheme liability at 31 March 2024 is £1,710m (PY £1,744m). The Chief Constable operates four pension schemes for police officers, these are the 1987, 2006, 2015 and Injury Awards Police Pension Schemes.</p> <p>The Chief Constable uses Mercer to provide actuarial valuations of their Police Pension Scheme liabilities. A full actuarial valuation is required every four years.</p> <p>The latest full actuarial valuation was completed in the year ended 31 March 2020.</p> <p>Given the significant value of the gross liability position of the schemes, small changes in assumptions can result in significant valuation movements. There has been a £83.3m net actuarial loss during 2023/24.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management's expert for competence, capability and objectivity; assessed the actuary's approach taken, to confirm reasonableness of the approach; tested the completeness and accuracy of the underlying information used to determine the estimate; considered any changes to valuation methods and their impact; assessed the reasonableness of the movements of the estimated surplus based on all available evidence; used PwC as an auditor's expert to assess the actuary and assumptions made by the actuary (see table below); and <table border="1"> <thead> <tr> <th>Police Pension Scheme Assumptions</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr> </thead> <tbody> <tr> <td>Discount rate</td><td>4.90%</td><td>4.90%</td><td>●</td></tr> <tr> <td>Pension increase rate</td><td>2.70%</td><td>2.60% to 2.70%</td><td>●</td></tr> <tr> <td>Life expectancy – Males currently aged 45/65</td><td>23.0 yrs 21.5 yrs</td><td>22.4 - 24.0 yrs 20.8 – 21.5 yrs</td><td>●</td></tr> <tr> <td>Life expectancy – Females currently aged 45/65</td><td>25.2 yrs 23.6 yrs</td><td>22.4 – 25.2 yrs 20.8 – 23.6 yrs</td><td>●</td></tr> </tbody> </table> <ul style="list-style-type: none"> considered the adequacy of disclosure of estimate in the financial statements. 	Police Pension Scheme Assumptions	Actuary Value	PwC range	Assessment	Discount rate	4.90%	4.90%	●	Pension increase rate	2.70%	2.60% to 2.70%	●	Life expectancy – Males currently aged 45/65	23.0 yrs 21.5 yrs	22.4 - 24.0 yrs 20.8 – 21.5 yrs	●	Life expectancy – Females currently aged 45/65	25.2 yrs 23.6 yrs	22.4 – 25.2 yrs 20.8 – 23.6 yrs	●
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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 within our audit plan. We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures.
Matters in relation to related parties	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 will be requested from both the PCC and the Chief Constable as we approach final sign off of the financial statements.
Confirmation requests from third parties	We requested from management permission to send confirmation request to financial institutions holding the PCC's cash and cash equivalents. This permission was granted and the requests were sent. However, requests were not received so we undertook alternative procedures, including agreeing balances to bank statements and online banking records where possible.
Accounting practices	We have evaluated the appropriateness of the PCC's and Chief Constable's accounting policies, accounting estimates and financial statement disclosures. We have noted disclosure issues from our review of the financial statements – see Appendix C for details.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management were provided. As noted on page 10, the combination of delays in the vetting process, and the restriction of the backstop date of 28 February 2025, we have determined that it will not be possible to complete our planned work over employee benefit expenditure or related transactions within the Police Pension Fund Account. The work we have undertaken has not identified any significant issues or concerns to report to those charged with governance.

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	<p>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.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> 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 the PCC's and Chief Constable's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>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 the PCC and Chief Constable meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the PCC and Chief Constable and the environment in which they operate the PCC's and Chief Constable's financial reporting framework the PCC's and Chief Constable's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>However, as we have been unable to conclude our audit in advance of the backstop date, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified for either the PCC or the Chief Constable 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	<p>We are required to give an opinion on whether the other information published together with the audited financial statements, including the Annual Governance Statements and Narrative Reports, are materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>We have reviewed the Annual Governance Statement and Narrative Report and suggested some minor amendments. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with ‘delivering good governance in Local Government Framework 2016 Edition’ published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statements 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 a significant weakness. <p>Whilst we have reviewed the Annual Governance Statement against relevant guidance and our knowledge of the PCC and Chief Constable, the significance of the matters described in the basis for disclaimer of opinion section of our audit report, mean that we have been unable to conclude whether the Annual Governance Statement complies with ‘delivering good governance in Local Government Framework 2016 Edition’ published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit.</p> <p>We have not applied any of our statutory powers or duties.</p> <p>We have been able to satisfy ourselves that the PCC and Chief Constable have made proper arrangements in securing economy, efficiency and effectiveness in their use of resources.</p>
Specified procedures for Whole of Government Accounts	<p>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.</p> <p>The new Code of Audit Practice has now been published, alongside updated Auditor Guidance Notes. While the threshold for WGA procedures has remained at £2bn, the NAO is taking the option to ask additional questions for a sample of audits after our opinion is issued. We are of the view that this work will not have a material effect on the financial statements for the year ended 31 March 2024.</p>
Certification of the closure of the audit	<p>We cannot yet certify the closure of the 2023/24 audit due to changes in the NAO instructions issued to us as part of WGA procedures.</p>

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code requires 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.

We have completed our work and through the work performed, we have not identified any significant weaknesses in the Chief Constable and PCC's arrangements.



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

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 D.

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 the Group, PCC and Chief Constable. We have provided no non-audit services.

4. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Chief Constable and PCC that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Chief Constable and PCC or investments in the Chief Constable and PCC held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Chief Constable and PCC as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Chief Constable and PCC.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, the Chief Constable and PCC, senior management or staff.

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. The firm and each covered person and network firms have complied with the Financial Reporting Council’s Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Audit Adjustments
- D. Fees and non-audit services
- E. Auditing developments

A. Communication of audit matters to those charged with governance

Our communication plan	Joint Audit Plan	Joint 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	•	•
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 one recommendation for the Group, PCC and Chief Constable as a result of issues identified during the course of our 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
Medium	<p>LGPS Pension Liability</p> <p>Management have obtained a combined LGPS IAS 19 report for both the PCC and Chief Constable, concluding that based on the number of PCC members, there is no risk of material misstatement of excluding the balance from the PCC’s accounts. Though not deemed significant by management, our view is that the split can only be reliably estimated by an Actuary, and there is a risk that there is a material omission from the gross position within the PCC’s financial statements.</p>	<p>We recommend that:</p> <ul style="list-style-type: none">management request the Actuary provide an assessment of the gross assets and gross liabilities of the PCC, and that this assessment be reviewed sufficiently regularly to avoid material misstatement of the financial statements.

Controls

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

C. 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 – Chief Constable

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement (£'m)	Statement of Financial Position (£'m)	Impact on total net expenditure (£'m)	Impact on general fund (£'m)
<ul style="list-style-type: none"> Liability related to defined benefit pension schemes 		(20.6)		-
<ul style="list-style-type: none"> Actuarial gains on pension assets/liabilities 	20.6		20.6	-
Recognition of additional pension liability following the IFRIC 14 assessment.				
Overall impact	20.6	(20.6)	20.6	Nil

Impact of adjusted misstatements – PCC

No adjustments have been identified in the PCC’s single entity accounts.

Impact of unadjusted misstatements

There are no unadjusted misstatements to note.

Impact of prior year unadjusted misstatements

The 2021/22 and 2022/23 audits of the Police and Crime Commissioner for Leicestershire and the Chief Constable of Leicestershire were disclaimed by the predecessor auditor due to the impacts of the backstop. It has not been possible to undertake sufficient audit work by 28 February 2025 to enable us to regain full assurance on opening balances.

C. Audit Adjustments

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/issue/Omission	Relates to	Auditor recommendations	Adjusted?
Statement of Movement in Reserves	Group	<p>The CIPFA Code 3.4.2.56 states that the Statement of Movement in Reserves (SMR) shall show for each classification of reserves, adjustments between group accounts and authority accounts. The group SMR should flow from the preparation of the other group statements starting with the group Comprehensive Income and Expenditure Statement (CIES). In consolidating subsidiaries, one key step is to remove the impact of the flow of transactions between the entities. This step results in an adjusted CIES for the PCC and an adjusted CIES for the Chief Constable which are then brought together for the group CIES.</p> <p>We therefore expect the adjusted CIES components to flow into the group SMR.</p>	No
Jointly Controlled Operations	Chief Constable (Note 5) & Group (Note 7)	<p>The CIPFA Code 9.1.4 provides detail of disclosure requirements relevant to joint operations. The Group has included a disclosure for Movement in Reserves of Jointly Controlled Operations. As this is not a Code requirement, we would recommend removing this table from the financial statements.</p> <p>We also note that the disclosures in the Group accounts and those in the Chief Constable's accounts are not consistent, when we would expect the disclosures to be the same.</p>	No
Borrowing	PCC (Note 20)	<p>The PCC disclosed a maturity profile of its borrowings noting that the disclosure for long term borrowings was misstated as detailed below:</p> <ul style="list-style-type: none"> Not more than 2 years should have been disclosed as £1,175k not £Nil. More than 2 years – not more than 5 years should have been disclosed as £10,352k not £9,027k. More than 5 years – not more than 10 years should have been disclosed as £3,042k not £5,542k. 	Yes
Financial Instruments	Chief Constable (Note 11), PCC (Note 21) and Group (Note 21)	<p>The CIPFA Code 7.3.2.1 requires an authority to disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance and the nature and extent of risks arising from financial instruments to which the authority is exposed during the period and at the end of the reporting period, and how it manages those risks.</p> <p>We identified that disclosures were not included in the accounts for cash and cash equivalents, short term debtors and short term creditors, as management's view was that the respective balances disclosed in the balance sheet were all made up of financial instruments. However these amounts will include balances that are not financial instruments, such as council tax and VAT balances.</p>	Yes

D. Fees and non-audit services

We confirm below the fees charged for the audit.

Non-audit fees for other services	PCC	Chief Constable	Total Fee
PSAA Scale Fee	£94,986	£47,542	£142,528
ISA 315	£4,710	£4,710	£9,420
Total non-audit fees (excluding VAT)	£99,696	£52,252	£151,948

The fees reconcile to the financial statements.

No non-audit related services have been undertaken for the PCC and Chief Constable.

E. 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: <ul style="list-style-type: none">• 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: <ul style="list-style-type: none">• 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. <ul style="list-style-type: none">• 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: <ul style="list-style-type: none">• 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.

