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

PAPER MARKED

G

Report of	**OFFICE OF THE POLICE AND CRIME COMMISSIONER AND OFFICE OF THE CHIEF CONSTABLE**
Subject	**EXTERNAL AUDIT PLAN 2024/25**
Date	**WEDNESDAY 14th MAY 2025**
Author :	**LAURELIN GRIFFITHS, GRANT THORNTON**

Purpose of Report

1. This document provides an overview of the planned scope and timing of the statutory audit of the Police and Crime Commissioner for Leicestershire and the Chief Constable of Leicestershire for those charged with governance. Those Charged with governance is the PCC and the Chief Constable respectively, as each is a corporation sole.

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

External audit Plan 2024/25

Background Papers
None

Person to Contact
Kira Knott– Tel 0116 222 2222 ext. 3307200
Email: kira.knott@leics.pcc.police.uk

Paper Marked G

Grant Thornton

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

Year ending 31 March 2025

30 April 2025

Contents

01 Key developments impacting our audit approach

Local Audit Reform

External factors

Proposals for an overhaul of the local audit system	Our Response
On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement. • The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for: • Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers; • Contract management, procurement, commissioning and appointment of auditors to all eligible bodies; • Setting the Code of Audit Practice; • Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies; and • Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors. The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including: • setting out the vision and key principles for the local audit system; • committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users; • enhancing capacity and capability in the sector; • strengthening relationships at all levels between local bodies and auditors to aid early warning system; and • increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.	Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

Key developments impacting our audit approach

National Position

Funding

Police forces are facing years of underfunding and a lack of support. UNISON warns that police forces in England and Wales could face a combined budget shortfall of almost £721m by 2026. The macroeconomic climate is challenging and under the new Government's fiscal rules, there is little optimism that the public sector and policing will be afforded large budget increases in the short/medium term. Police forces suffered more than most during the austerity years of the 2010s and with relatively small levels of revenue and capital reserves, there is serious concern how policing will cope with another round of Government cuts.

Unlike Councils who have demand led statutory services, the impact of budget cuts to policing is unlikely to result in financial crisis i.e. S114. Rather, the impact of the budget cuts in the 2010s was significant capital disposals and an almost linear relationship with the decline in the number of police officers and staff. Budget cuts slow down recruitment which ultimately impacts the police's ability to prevent, investigate and bring to justice the perpetrators of crime.

Public trust

Public trust in the police is at historically low levels. YouGov poll the public monthly asking the question "Are the police doing a good job?". In December 2019, 77% of respondents said they were doing a good job. In 2024, this had fallen to just 50%, with 40% of respondents saying there were not doing a good job. One of the factors behind the decline in trust and confidence in policing is the array of misconduct and criminal acts committed by Police officers in recent years. A key strategic challenge for all police forces is restoring and rebuilding trust.

Police officer uplift programme (PUP) and vetting

There is uncertainty about the long-term impact of the additional officers that have been recruited. Recruiting and training police is not a simple or quick process. It requires forward planning, time, certainty, and the money to pay salaries of police officers. Rapid recruitment has led to concerns over the adequacy of vetting arrangements and rapid recruitment has placed a burden on supervising officers.

Our Response

Police Forces and law enforcement agencies grapple with a range of challenges, including rising crime rates, budget constraints, recruitment and retention of qualified personnel, community relations, and the ever-evolving landscape of cybercrime.

The cultural problems that have resulted in a crisis of public trust cannot be resolved with financial resources alone. The police require a comprehensive reorganisation of its procedures, culture, and financial support.

Our value for money audit work continues to identify significant weaknesses in all criteria of the Code of Audit Practice. This shows that police bodies are facing increasing pressure to provide services while managing change and reducing costs. We understand that the environment in which our audited bodies operate is dynamic and challenging and this understanding allows us to have insightful conversations and adapt our approach to delivering our audit work accordingly.

We share the optimism we have seen within our police bodies about their highly trained, skilled workforce and know there is a focus on improving quality and reducing costs. We will work with you as you strive to deliver these aims.

Key developments impacting our audit approach (continued)

Local Context	Our Response
The 2021/22 and 2022/23 audit opinions were disclaimed due to the impacts of the local government backstop, and despite us completing a significant amount of our audit work in the 2023/24 financial year, we were unable to complete sufficient work to conclude on opening, and therefore closing, balances by the 28 February 2025 backstop. A disclaimed opinion was issued for each of the Chief Constable and the PCC once again in 2023/24, although the work we have completed will help us towards the aim of rebuilding assurance.	• We have started the planning of the 2024/25 audit earlier this year, and in line with the timetable for our other audited bodies. We plan to start the final accounts audit in July with the aim of finalizing our work in the Autumn.
New accounting standards and reporting developments Local authorities will need to implement IFRS 16 Leases from 1 April 2024. The main difference from IAS 17 will be that leases previously assessed as operating leases by lessees will need to be accounted for on balance sheet as a liability and associated right of use asset. More information can be found on the next slide. The FRC issued revisions to ISA (UK) 600 'Audits of group financial statements (including the work of component auditors)'. The revised standard includes new and revised requirements that better aligns the standard with recently revised standards such as ISQM 1, ISA 220 (Revised) and ISA 315 (Revised 2019). The new and revised requirements strengthen the auditor's responsibilities related to professional scepticism, planning and performing a group audit, two-way communications between the group auditor and component auditor, and documentation. The changes are to keep the standard fit for purpose in a wide range of circumstances and the developing environment.	• Review of the authority's implementation of IFRS 16 to the extent that the balances recognised are material. If not material, our procedures will be limited to evaluating the completeness of the balances recognised. More information can be found on page 9. • Enhanced procedures in respect of audits of group financial statements.

Key developments impacting our audit approach (continued)

Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in the police sector. Our proposed work and fee, as set out further in this joint Audit Plan, has been agreed with the Chief Finance Officer (Chief Constable) and Assistant Chief Officer – Finance & Resources (Police and Crime Commissioner).
- To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working. Please confirm in writing if this is acceptable to you, and that your officers will make themselves available to our audit team. This is also in compliance with PSAA contract guidance which requires us to commit to onsite working.
- We would like to offer a formal meeting with the Chief Constable and PCC twice a year, and with both Directors of Finances quarterly as part of our commitment to keep you fully informed on the progress of the audit.
- At an appropriate point within the audit, we would also like to meet informally with the Chair of your Joint Audit, Risk and Assurance Panel, to brief them on the status and progress of the audit work to date.
- Our VfM work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.
- We will continue to provide you and your Joint Audit, Risk and Assurance Panel with sector updates providing our insight on issues from a range of sources via our Audit Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.

Key developments impacting our audit approach (continued)

Our responses

Our Responses (continued)

- With the ongoing financial pressures being faced by local authorities, in planning this audit we have considered the financial viability of the PCC and Chief Constable. We are satisfied that the going concern basis remains the correct basis behind the preparation of the accounts. We will keep this under review throughout the duration of our appointment as auditors of the PCC and Chief Constable.
- There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk with regard to management override of controls.
- There is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue– refer to page 16.

In 2023/24 we issued disclaimed audit opinions as a result of the local government backstop. We are currently awaiting guidance from FRC and NAO on how we will regain assurance on opening balances and what that will mean for the opinion on the accounts for 2024/25. We undertook significant work on the 2023/24 accounts and anticipate that this should impact on the timeline for regaining assurance, however we do not yet have clarity on this. We reference this further in the backstop section of this report.

IFRS 16 Leases

Summary

IFRS 16 Leases is now mandatory for all Local Government Police bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires all leases to be accounted for 'on balance sheet‘ by the lessee (subject to the exemptions below), a major change from the requirements of IAS 17 in respect of operating leases.

There are however the following exceptions:

- leases of low value assets (optional for LG)
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating). However, if a police body is an intermediary lessor, there is a change in that the judgement, as to whether the lease out is an operating or finance lease, is made with reference to the right of use asset rather than the underlying asset. The principles of IFRS 16 will also apply to the accounting for PFI assets and liabilities.

Systems and processes

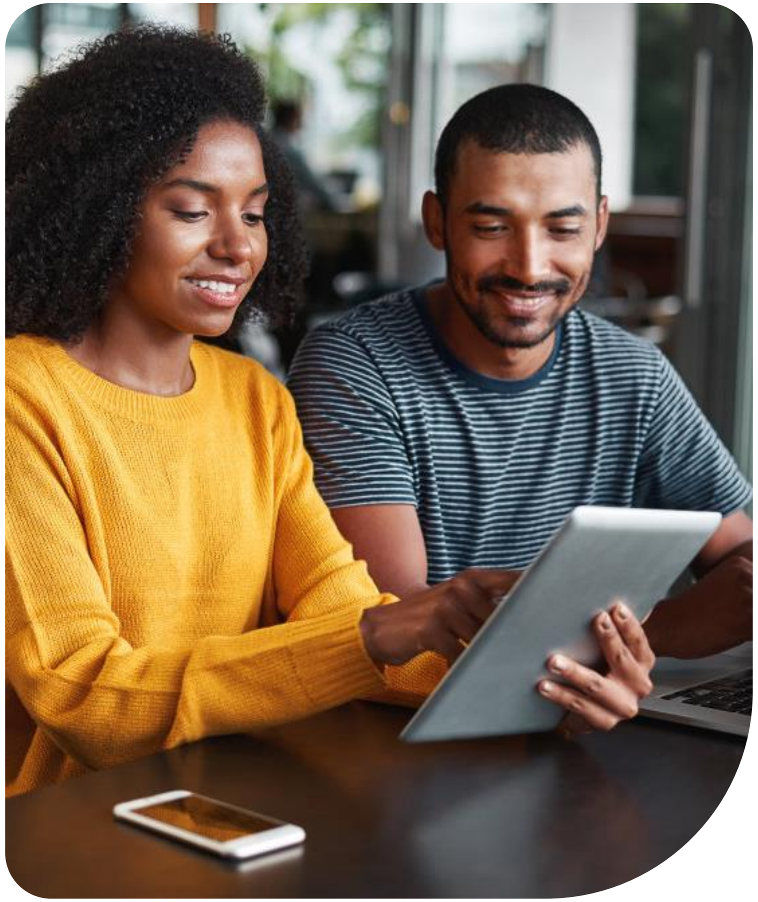
We believe that most Police Bodies will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

Planning enquiries

As part of our planning risk assessment procedures we have made inquiries with management regarding the potential impact of IFRS 16 being applied on leases with external parties and, any leases between the Police and Crime Commissioner and the Chief Constable. We would appreciate a prompt response to these enquires in due course.

The Backstop



Local Government National Context – The Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- for years ended 31 March 2023 and earlier by 13 December 2024;
- for years ended 31 March 2024 by 28 February 2025; and
- for years ended 31 March 2025 by 27 February 2026.

The Statutory Instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements to enable the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Local Government National Context – Local Audit Recovery

In the audit reports for the year ended 31 March 2024, a disclaimer of opinion was issued for each of the Chief Constable's and the PCC and group's financial statements as a result of the limitations imposed by the backstop date.

As are result, we anticipate that for 2024/25:

- we will have limited assurance over the opening balances for 2024/25, due to the prior year disclaimer of opinion over the in-year movements, and therefore closing balances, specifically in relation to Property, Plant and Equipment and the Pension Liabilities, and also in relation to pay-related costs.
- we will have limited assurance over the closing reserves balance also due to the uncertainty over their opening amount.

We are in discussion with the NAO and the Financial Reporting Council (FRC) as how we regain assurance. We will work with your bodies to rebuild assurance over time.

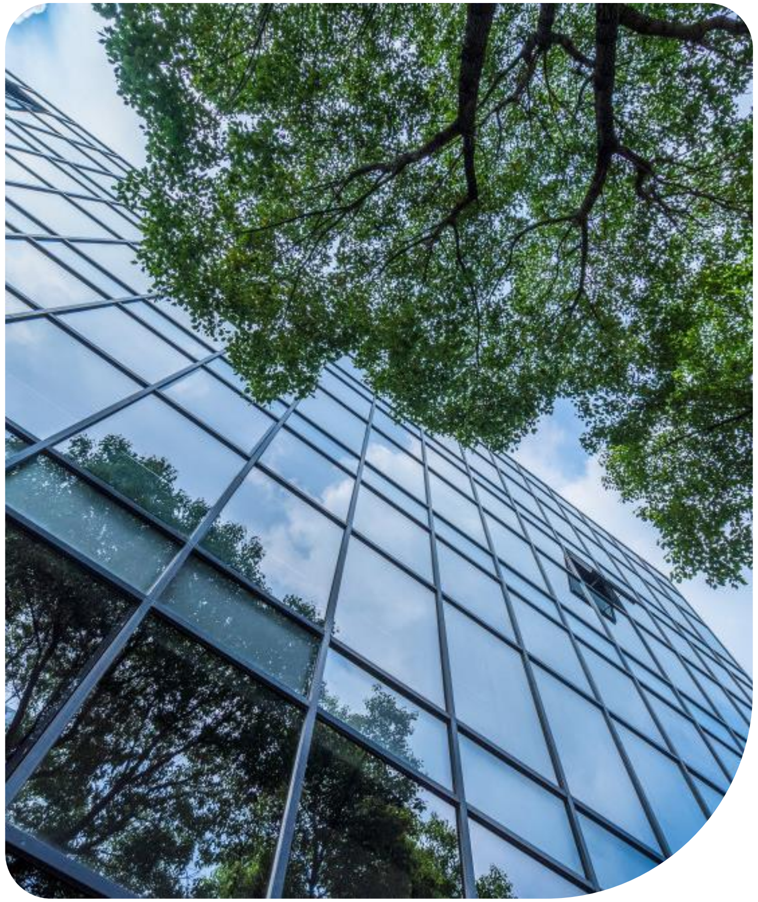
Our Work

Our initial focus for the audit will be on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances on the Balance Sheet for 2024/25. Our objective is to begin a pathway to recovery, by providing assurance over the in year 2024/25 transactions and movements, where possible, and those closing balances which can be purely determined in isolation without regard to the opening balance, such as payables and receivables.

As guidance is received from the NAO and the FRC, we will formulate a more detailed strategy as to how assurance can be gained on prior years.

02 Introduction and Headlines

Introduction and headlines



Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of the Police and Crime Commissioner for Leicestershire and the Chief Constable of Leicestershire for those charged with governance. Those Charged with governance is the PCC and the Chief Constable respectively, as each is a corporation sole.

Respective responsibilities

- The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the PCC and the Chief Constable. We draw your attention to these documents.

Scope of our Audit

The scope of our audits is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the financial statements of the Chief Constable, and of the PCC & Group, that have been prepared by management with the oversight of those charged with governance; and we consider whether there are sufficient arrangements in place at each of the PCC and the Chief Constable for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or those charged with governance of your responsibilities. It is the responsibility of the PCC and Chief Constable to ensure that proper arrangements are in place for the conduct of their business, and that public money is safeguarded and properly accounted for. We have considered how the PCC and Chief Constable are fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the PCC Group and Chief Constable's business and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control (relevant to both the PCC and the Chief Constable)
- Valuation of land and buildings (relevant to the PCC only)
- Valuation of the net pension liability (relevant to the Chief Constable only)

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Group Audit

The PCC is required to prepare group financial statements that consolidate the financial information of the PCC and Chief Constable.

Materiality

We have determined planning materiality to be £7.8m (PY £6.8m) for the Group, £5.9m (PY £4.5m) for the PCC, and £7.6m (PY £6.6m) for the Chief Constable, which equates to c. 2.2% of the prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors (where applicable).

Clearly trivial has been set at £390k (PY £340k) for the Group, £295k (PY £225k) for the PCC, and £380k (PY £330k) for the Chief Constable.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any significant weakness areas or related risks, requiring separate attention. We will continue to monitor and update our risk assessment and responses until we issue our Auditor’s Annual Report.

Audit logistics

Our planning and interim visits took place in March and April and our final visit will take place from July to September. Our key deliverables are this Joint Audit Plan, our Joint Audit Findings Report and Joint Auditor’s Annual Report.

Our proposed fee for the audit will be £103,086 (PY: £98,124) for the PCC and £54,029 (PY: £50,680) for the Chief Constable, subject to the PCC and Chief Constable each delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) 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

03 Identified risks

Significant risks identified

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.

Significant risk	Risk Relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
Management override of controls	Chief Constable, PCC & Group	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

"In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK)." (ISA (UK) 315).

In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK) 550).

Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Risk Relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions	n/a	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Group, PCC and Chief Constable, we have determined that the risk of fraud arising from revenue recognition for all revenue streams 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 police authorities, including the Group, PCC and Chief Constable, mean that all forms of fraud are seen as unacceptable. Therefore we do not consider this to be a significant risk for either entity or the Group.	Where the risk has been rebutted we do not consider this to be a significant risk for the Group, PCC and Chief Constable and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.
The expenditure cycle includes fraudulent transactions	n/a	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	We have identified and completed a risk assessment of all expenditure streams for the Group, PCC and Chief Constable. We have considered the risk that expenditure may be misstated due to improper recognition and concluded that there is not a significant risk. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.	We do not consider this to be a significant risk for the either the Group, PCC and Chief Constable and standard audit procedures will be carried out. We will keep this assessment under review throughout the audit to ensure this judgement remains appropriate.

Significant risks identified (continued)

Significant risk	Risk relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
Valuation of land and buildings	PCC (& Group)	As the valuation is a significant accounting estimate made by management in the accounts, we have identified the valuation of land and buildings as a risk requiring special audit consideration.	The PCC revalues its land and buildings on a five-yearly basis, with all assets revalued on an annual basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£86 million as at 31 March 2024) 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. 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 at the financial statements date. We therefore identified the valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuer, and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; • challenge the information and assumptions used by the valuer to assess the completeness and consistency with our understanding; • test, 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 confirming that the valuation methodology has been correctly applied; • evaluate the assumptions made by management for those assets not revalued during the year or at a date other than the Balance Sheet date, and how management has satisfied themselves that these are not materially different from current value at year end; and • test revaluations made during the year to see if they had been input correctly into the Group's asset register.

Significant risks identified (continued)

Significant risk	Risk relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
Valuation of the liability related to defined benefit pension schemes	Chief Constable (& Group)	As the valuation is a significant accounting estimate made by management in the accounts, we have identified the valuation of the liability related to defined benefit pension schemes as a risk requiring special audit consideration.	The group's liability related to defined benefit pension schemes (made up of both the Local Government Pension Scheme [LGPS] and Police Pension Scheme [PPS]), as reflected on its balance sheet, represents a significant estimate in the financial statements. The liability related to defined benefit pension schemes is considered a significant estimate due to the size of the numbers involved (£1.7 billion at 31 March 2024) and sensitivity of the estimate to changes in the key assumptions. 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.	We will: • update our 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 evaluate the design of the associated controls; • evaluate 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; • assess the competence, capabilities and objectivity of the actuaries who carried out the group's pension fund valuations; • assess the accuracy and completeness of the information provided by the group to the actuaries to estimate the liabilities; • test 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; • undertake 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 • obtain assurances from the auditor of the Leicestershire County Council 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.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Reports and Annual Governance Statements and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the PCC and Chief Constable.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statements are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
  - issuing a report in the public interest or written recommendations to the PCC and Chief Constable. under section 24 of the Local Audit and Accountability Act 2014 (the Act);
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act; and
  - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audits.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

04 Group Audit

Group audit scope and risk assessment

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Risk of material misstatement to the group	Planned audit approach and level of response required under ISA (UK) 600 Revised	Response performed by	Risks identified	Auditor
Police and Crime Commissioner for Leicestershire	Yes	Full scope audit performed by Grant Thornton UK LLP	Group auditor	• Management override of control • Valuation of land and buildings	Grant Thornton UK LLP
Chief Constable of Leicestershire	Yes	Full scope audit performed by Grant Thornton UK LLP	Group auditor	• Management override of control • Valuation of the liability related to defined benefit pension schemes	Grant Thornton UK LLP

Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

05 Our approach to materiality

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.

Matter	Description	Planned audit procedures
01	**Determination** We have determined planning materiality (financial statement materiality determined at the planning stage of the audit) based on professional judgement in the context of our knowledge of the Group, PCC and Chief Constable, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements. We have determined planning materiality to be £7.8m (PY £6.8m) for the Group, £5.9m (PY £4.5m) for the PCC, and £7.6m (PY £6.6m) for the Chief Constable , which equates to c. 2.2% of the prior year gross expenditure for the year.	• We determine planning materiality in order to: – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements – assist in establishing the scope of our audit engagement and audit tests – determine sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements
02	**Other factors** An item does not necessarily have to be large to be considered to have a material effect on the financial statements. We have determined a lower materiality for senior officers' remuneration of £28k.	• An item may be considered to be material by nature when it relates to instances where greater precision is required. Due to public interest in senior officer remuneration disclosures, and based on the code, we apply specific audit procedures to this work and set a lower materiality level for this area.
03	**Reassessment of materiality** Our assessment of materiality is kept under review throughout the audit process	• We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality
04	**Matters we will report to the Those Charged With Governance ("TCWG")** Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the TCWG any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	• We report to the TCWG any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. • We propose that an individual difference could normally be considered to be clearly trivial if it is less than £390k (PY £340k) for the Group, £295k (PY £225k) for the PCC, and £380k (PY £330k) for the Chief Constable. • If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the TCWG to assist them in fulfilling their governance responsibilities.

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

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.

	Amount (£)	Qualitative factors considered
Materiality for the Group financial statements	7,800,000	Our materiality thresholds equate to approximately 2.2% of the prior year gross operating costs for the Group, PCC and Chief Constable. This assessment reflects that the entity operates in a stable, publicly funded environment, and no significant control deficiencies have been identified in the prior year or in the course of our audit planning. Whilst we calculate separate materialities for the Group, PCC and Chief Constable, we use the lowest of the three (the PCC’s materiality) as the basis for our overall financial statements audit.
Materiality for the PCC financial statements	5,900,000	
Materiality for the Chief Constable financial statements	7,600,000	
Materiality for specific transactions, balances or disclosures	28,000	Reflects the wider public interest in senior officer remuneration.

06 IT audit strategy

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Agresso	Financial reporting	• Roll-forward ITGC assessment (design and implementation)

07 Value for Money Arrangements

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:

Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.

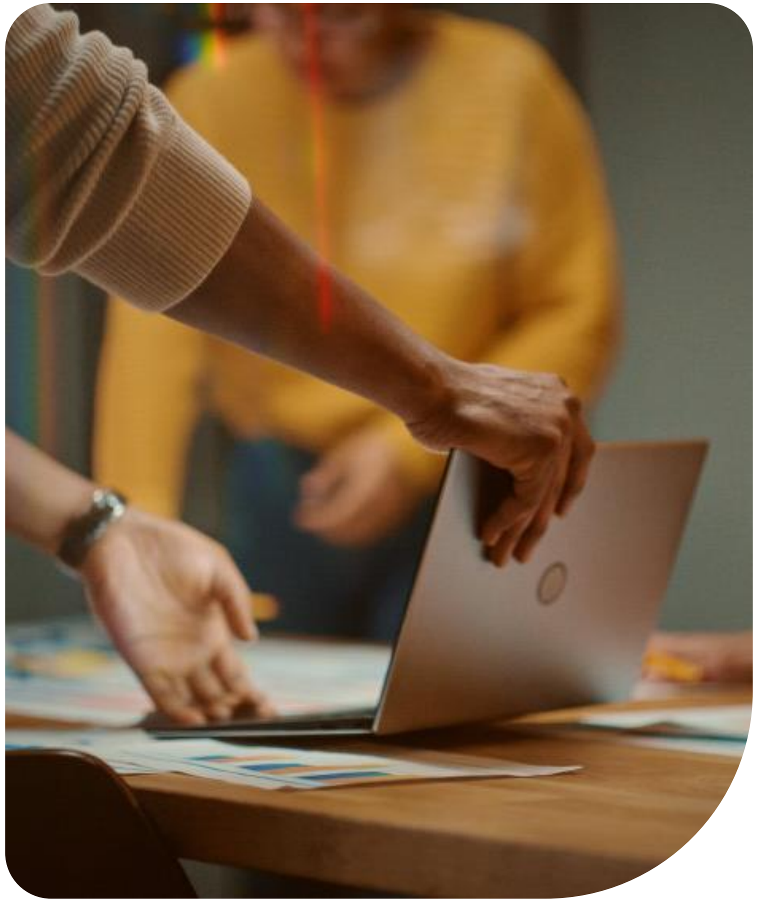
Governance

How the body ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

Risks of significant VFM weaknesses



As part of our initial planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. Our planning work has not identified any risks of significant weakness. We will continue to review the body's arrangements and report any risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, 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.

Risks of significant VFM weaknesses (continued)

Risk assessment of the Group, PCC and Chief Constable's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024/25. We will continue to evaluate risks of significant weakness and if further risks are identified , we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2023/24 Auditor judgement on arrangements		2024/25 risk assessment	2024/25 risk-based procedures
Financial sustainability	G	No risks of significant weakness reported and no improvement recommendations made	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Governance	G	No risks of significant weakness reported and no improvement recommendations made	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Improving economy, efficiency and effectiveness	A	No risks of significant weakness reported; improvement recommendations made	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2023/24.

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our auditor's annual report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor's Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor's Report and included within our audit opinion.

G No significant weaknesses in arrangements identified or improvement recommendation made.
A No significant weaknesses in arrangements identified, but improvement recommendations made.
R Significant weaknesses in arrangements identified and key recommendations made.

08 Logistics

Logistics

The audit timeline

Key Dates

- Year end: 31 March 2025
- JARAP: May 2025
- JARAP: Aug 2025
- Sign off: Nov 2025

Audit phases:

Planning
March & April 2025

Key elements

- Planning meeting with management to set audit scope
- Planning requirements checklist to management
- Agree timetable and deliverables with management
- Document design effectiveness of systems and processes
- Issue the Audit Plan to management
- Issue and/or presentation of Audit Plan to TCWG and JARAP

Final
July to August 2025

Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Weekly update meetings with management

Completion
September 2025

Key elements

- Draft Audit Findings and Auditor's Annual Report issued to management
- Audit Findings meeting with management
- Audit Findings and Auditor's Annual Report issued to TCWG and JARAP
- Audit Findings presentation to JARAP and/or TCWG
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team

Laurelin Griffiths

Key Audit Partner

- Key contact for senior management, JARAP and TCWG
- Overall quality assurance

Keith Chaisewa

Audit Senior Manager

- Audit planning
- Resource management
- Performance management reporting

Araminta Allen

Assistant Audit Manager

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

	Service delivery and technical support	Audit reporting	Audit progress
Formal communications	• Client service review • Technical updates	• The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings • Auditor's Annual Report	• Audit planning meetings • Audit clearance meetings • Communication of issues log
Informal communications	• Open channel for discussion • Notification of up-coming issues		• Communication of audit issues as they arise

09 Fees and related matters

Our fee estimate

Our estimate of the audit fees we will charge is set out in the table across, along with the fees billed in the prior year

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2024) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audit for the Police and Crime Commissioner for Leicestershire and the Chief Constable of Leicestershire to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2024/25 audit is £157,115 (refer to the adjacent tab for a breakdown between the PCC and Chief Constable).

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here Fee Variations Overview – PSAA

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Company	Audit Fee for 2023/24 (£)	Proposed fee for 2024/25 (£)
Police and Crime Commissioner	99,696	103,086
Chief Constable	52,252	54,029
Total (Exc. VAT)	**151,948**	**157,115**

Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the PCC and Chief Constable will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit.
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements.
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Our fee estimate also assumes that you will engage suitably competent experts to assist management in determining the significant accounting estimates.

Previous year

In 2023/24 the scale fee set by PSAA was £94,986 for the PCC and £47,542 for the Chief Constable. The actual fee charged for the audit was £98,124 and 50,680 respectively.

10 Independence considerations

Independence considerations

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

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the PCC or Chief Constable 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 PCC and Chief Constable or investments in the PCC and Chief Constable 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 PCC and Chief Constable 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 PCC or Chief Constable.
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, a member, senior management or staff (that would exceed the threshold set in the Ethical Standard).

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.

Following this consideration we can confirm that we are independent and are able to express an objective opinion on the financial statements.

11 Communication of audit matters with those charged with governance

Communication of audit matters with 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 and Key Audit Matters	●	
Planned use of internal audit	●	
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	●	●
Significant matters in relation to going concern	●	●
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 CC and PCC'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		●

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 Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

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.

12 Delivering audit quality

Delivering audit quality

Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

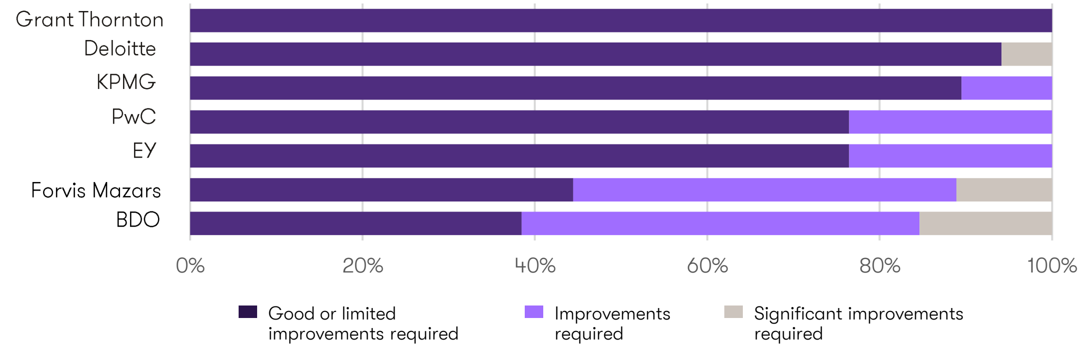
Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

Oversight and control

Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

FRC's Audit Quality Inspection and Supervision Inspection
(% of files awarded in each grading, in the most recent report for each firm)



Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell
Partner, UK Head of Audit

13 Appendices

Escalation Policy

The Backstop

The Department for Levelling Up, Housing and Communities have introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 – Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

IFRS reporters New or revised accounting standards that are in effect

First time adoption of IFRS 16 Lease liability in a sale and leaseback	• IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. • This year will be the first year IFRS 16 is adopted fully within Local Government.
IAS 1 amendments Non-current liabilities with covenants	• These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IAS 7 and IFRS 7 Supplier finance arrangements	• These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

IFRS reporters Future financial reporting changes

IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

Amendments to IAS 21 – Lack of exchangeability

IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from **1 April 2025**.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code **in future years**.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is expected to be adopted by the Code **in future years**.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of ‘Operating profit or loss’ subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code **in future years**.

The Grant Thornton Digital Audit – Inflo

A suite of tools utilised throughout the audit process

01 Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

What you'll see

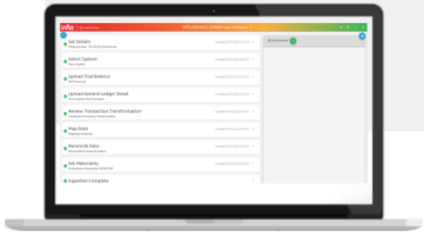
- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement

02 Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

What you'll see

- A step by step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system



03 Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement