

**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	EXTERNAL AUDIT JOINT FINDINGS REPORT
Date	MONDAY 24TH NOVEMBER
Author :	KEITH CHAISEWA, GRANT THROTON

Purpose of Report

1. This report seeks to present members of the Joint Audit, Risk and Assurance Panel (JARAP) with the Joint Findings Report for year ending 31st March 2025

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

Joint Audit Findings Report

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 (ISA 260) Report for the Police and Crime Commissioner for Leicestershire and the Chief Constable of Leicestershire

Year ended 31 March 2025

19 November 2025



Police and Crime Commissioner for Leicestershire
Chief Constable of Leicestershire

Leicestershire Police Headquarters
St Johns
Enderby
Leicester
LE19 2BX

19 November 2025

Dear Police and Crime Commissioner and Chief Constable

Joint Audit Findings for Leicestershire Police for the year ended 31 March 2025

This Joint Audit Findings Report presents the observations arising from the audit that are significant to yourselves as 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 have been 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.

Grant Thornton UK LLP

17th Floor, 103 Colmore Row
Birmingham
B3 3AG

T +44 121 212 4000

www.grantthornton.co.uk



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 manage risk, quality and internal control particularly through our Quality Management Approach. 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-2024-.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

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Headlines and status of the audit

Headlines

This table summarises the key findings and other matters arising from the statutory audits 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 2025 for those charged with governance.

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (‘the Code’), we are required to report whether, in our opinion the financial statements:

- give a true and fair view of the financial positions of the PCC, Group 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.

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 whether this information appears to be materially misstated.

Our audit work was completed during July to October. Our planned work is largely complete at the time of writing this report, but we have been unable to conclude on opening balances, or the group’s pay-related costs in 2023/24, as referred to in our audit reports for 2023/24.

Our findings to date are summarised on pages 13 to 43. At the time of drafting this report, we have identified 1 adjustment to the financial statements of the PCC which has resulted in the reversal of £1.794m from short term debtors and short term creditors on the Balance Sheet. No other adjustments were identified having an impact on the Comprehensive Income and Expenditure Statement, Balance Sheet and Statement of Movement in Reserves of both the PCC and Chief Constable. Audit adjustments are detailed in Appendix D.

We have raised recommendations for management as a result of our audit work. These are set out on pages 44 to 48. Our follow up of recommendations from the prior year’s audit is detailed on page 49.

Owing to the challenges of undertaking an audit where the previous years’ audits were subject to backstop-related disclaimed audit opinions, we have been unable to undertake sufficient work to support an unmodified audit opinion in advance of the backstop date of 27 February 2026. The limitations imposed by not having assurance on opening balances or prior year pay costs 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 PCC and the Chief Constable.

The following matters remain outstanding which could result in material changes to the financial statements:

- conclusion of our work on the Chief Constable’s Pension Fund Account;
- conclusion of final queries on cash and short term creditors;
- final quality reviews by the Audit Senior Manager and Engagement Lead;
- receipt of management representation letters; and
- review of the final signed sets of annual financial reports.

We anticipate signing your accounts ahead of the backstop, subject to satisfactory completion of the above items.

Headlines

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's 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 Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have completed our VFM work, which is summarised on page 50, and our detailed commentary is set out in the separate Joint Auditor's Annual Report, which is presented alongside this report. We are satisfied that the PCC and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

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.

We have completed the majority of work required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the Comptroller & Auditor General.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Headlines

National context – audit backlog

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 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

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 and 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.

National context – local audit recovery

In the audit reports for the year ended 31 March 2024, a disclaimer of opinion was issued to both the PCC and the Chief Constable due to the backstop. As a 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 also have limited assurance over the closing reserves balance also due to the uncertainty over their opening amount.

Our aim for the 2024/25 audit has been to continue with rebuilding assurance, therefore our focus has been on in-year transactions and closing balances.

On 5 June 2025 the National Audit Office (NAO) published its 'Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06' for auditors which sets out special considerations for rebuilding assurance for specific balances following backstop-related disclaimed audit opinions. The key messages outlined within this guidance include rebuilding assurance through:

- tailored risk assessment procedures for individual audit entities, including assessments over risk of material misstatements of opening balance figures and reserves;
- designing and performing specific substantive procedures, such as proof-in-total approach;
- special considerations for fraudulent reporting, property, plant & equipment, and pension related balances.

We will discuss with you our strategy for rebuilding assurance, in the light of this year's audit, as part of our planning for 2025/26.

Headlines

Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for 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.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

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 the right of use asset and lease liability to be recognised 'on balance sheet' by the lessee except where there are :

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

This is a change from the previous requirements under IAS17 where operating leases were charged to expenditure. The principles of IFRS16 also apply to the accounting for PFI liabilities.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

Impact on the PCC, Chief Constable, and group accounts

The Right of Use assets recognised by the PCC in the year totalled £2.122m, with a closing net book value of £3.025m. We have performed procedures to satisfy ourselves over the completeness of Right of Use assets recognised in the financial statements. We have not identified any instances suggesting that Right of Use assets are not complete.

In common with the majority of police bodies, property assets reside with the PCC, although they are used operationally by the staff of the Chief Constable. Management's judgement is that these arrangements do not constitute a lease, even under the expanded public sector definition. We do not consider that this judgement is unreasonable. Had an alternative judgment been made then this would have a material impact on the CC and PCC accounts, hence we consider that this is a critical judgement and should be included as such in the financial statements.

Materiality

Our approach to materiality

As communicated in our Audit Plan dated 30 April 2025, we determined materiality at the planning stage as £7.8m for the Group, £5.9m for the PCC and £7.6m for the Chief Constable based on 2.2% of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements. We judged that materiality based on these draft financial statements was not sufficiently different to that set at planning to require an update. Planning materiality was used for final accounts purposes.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- 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. In the prior year we used the same benchmark. For our audit testing purposes we apply the lowest of these materialities, which is £5.9m (PY £4.5m), which equates to 2.2% of the PCC's prior year gross expenditure for the year.
- On receipt of the draft accounts, we reviewed materiality based on the draft financial statements and judged that we would not change materiality from that set at planning.

Performance materiality

We have determined component performance materialities to be set at between £5.32m and £4.13m. For our audit testing we have applied the lowest of these, which is £4.13m, which equates to 70% of the PCC's financial statements materiality.

Specific materiality

We have set a lower materiality for senior officer remuneration of £28,000.

Reporting threshold

We will report to you all misstatements identified in excess of £295,000, in addition to any matters considered to be qualitatively material.

Our approach to materiality

A summary of our approach to determining materiality is set out below.

	Group	PCC (£)	Chief Constable (£)	Qualitative factors considered
Materiality for the financial statements	£7.8m	£5.9m	£7.6m	Our materiality thresholds equate to approximately 2.2% of the prior year gross operating expenditure 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.
Performance materiality	£5.46m	£4.13m	£5.32m	Performance materiality equates to 70% of headline materiality.
Reporting threshold	£0.295m			Misstatements above this amount will be reported to management and those charged with governance. The reporting threshold is set based on 5% of headline materiality.
	We use the same threshold for all			
Specific materiality for senior officer remuneration	£28k			Reflects the wider public interest in senior officer remuneration. This threshold has been determined by applying our approximate materiality percentage of 2.5% to the total value of senior officer payments as disclosed within the prior year financial statements.
	We use the same threshold for all			

Overview of significant risks identified

Overview of audit risks

The below table summarises the significant risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Relates to	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	All	Significant	↔	✓	Low	●
Valuation of land and buildings	PCC (& Group)	Significant	↔	✗	High	●
Valuation of the net pension liability	CC (& Group)	Significant	↔	✗	High	●

↑ Assessed risk increase since Audit Plan

● Not likely to result in material adjustment or change to disclosures within the financial statements

↔ Assessed risk consistent with Audit Plan

● Potential to result in material adjustment or significant change to disclosures within the financial statements

↓ Assessed risk decrease since Audit Plan

● Likely to result in material adjustment or significant change to disclosures within the financial statements

Significant risks

Risk identified	Relates to Audit procedures performed		Key observations
<p>Management override of controls</p> <p>Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p>	All	<p>We have:</p> <ul style="list-style-type: none"> • evaluated the design and implementation of management’s 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 accounts production stage for appropriateness and corroboration; • gained an understanding of the accounting estimates and critical judgements made by management and considered their reasonableness with regard to corroborative evidence; and • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>ISA (UK) 315 revised, paragraph 25(f) requires auditors to "Obtain an understanding of the entity’s information system and communication relevant to the preparation of the financial statements". This includes how the entity records, processes and corrects as necessary, information incorporated in the general ledger and reported in the financial statements. ISA (UK) 315 revised, paragraph 25(aii) specifically requires the auditor to consider controls over journal entries, including non-standard journal entries used to record non-recurring, unusual transactions or adjustments.</p> <p>As part of our planning work to obtain an understanding of the journal control environment, we identified that the Senior Accountant has access rights within the general ledger system which allow them to add and remove user accounts as well as enabling system upgrades. This user also has access to post and authorise journal entries which is considered a lack of appropriate segregation of duties. This poses a risk of management override of control as it is possible for this user to create fictitious user accounts and authorise journals posted by these user accounts.</p>

Significant risks

Risk identified	Relates to Audit procedures performed	Key observations
<p>Management override of controls (continued)</p>		<p>To address this risk we reviewed journals posted by users who were given access rights to post journals in 2024/25. From the 4 users identified, no unusual journals were identified that required further testing. In addition, we made inquiries with users who posted journals during the period receiving responses of no suspicious activity.</p> <p>Our audit work has not identified any issues in respect of management override of controls.</p> <p>We have noted no material adjustments or findings in relation to override of controls.</p> <p>We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p> <p>Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.</p>

Significant risks

Risk identified	Relates to	Audit procedures performed	Key observations
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p>	n/a	<p>It was reported in our Joint Audit Plan that we had determined there was no significant risk of material misstatement relating to revenue recognition.</p> <p>We consider our rebuttal of the presumed revenue recognition risk to remain appropriate.</p> <p>Our audit work has not identified any issues in respect of revenue recognition.</p>	
<p>The expenditure cycle includes fraudulent transactions</p> <p>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.</p>	n/a	<p>It was reported in our Joint Audit Plan that we had determined there was no significant risk of material misstatement relating to expenditure recognition.</p> <p>We consider our risk assessment relating to expenditure recognition to remain appropriate.</p> <p>Our audit work has not identified any issues in respect of expenditure recognition.</p>	

Significant risks

Risk identified	Relates to Audit procedures performed	Key observations
<p>Valuation of land and buildings</p> <p>The PCC revalues its land and buildings on a five-yearly basis, with all assets revalued on an annual basis.</p> <p>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.</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 at the financial statements date.</p> <p>We therefore identified the valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.</p>	<p>PCC and Group</p> <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 confirming that the valuation methodology has been correctly applied; evaluated 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 tested revaluations made during the year to see if they had been input correctly into the Group's asset register. 	<p>We noted that for assets valued using existing use value (EUV), the valuer updated the valuation approach from making use of Gross Internal Area (GIA) to Net Internal Area (NIA) for 2024/25.</p> <p>The valuer advised us that NIA is used for some EUV valuations such as offices because it provides a standardised measure of the usable space within a building also noting that comparables are based on NIA. The valuer further advised that a review of measurements as part of the 2024/25 valuation work highlighted the need to use NIA rather than GIA.</p> <p>To determine the NIA, the valuer decreased the GIA by 15%. The difference between the two valuation approaches is c.£2m at 31 March 2025 meaning land and buildings presented in the financial statements are £2m lower than if they were valued using GIA.</p> <p>We are of the view that this approach is reasonable, noting that the change does not lead to a material difference.</p>

Significant risks

Risk identified	Relates to Audit procedures performed	Key observations
Valuation of land and buildings (continued)		<p>For information purposes noting that the valuation is consistent with the CIPFA Code requirements, our testing concluded that the valuation of land and buildings was potentially understated by £0.952m due to the following:</p> <ul style="list-style-type: none"> • differences identified between the GIAs used by the valuer and the GIAs per supporting evidence; • assets not valued in 2024/25 (£13m of assets were not valued); and • expected valuation movement between 31/12/24 (date when the valuation was undertaken) and 31/03/25 as the valuation is performed at 31/12/24 to ensure information is available at the point of drafting the financial statements. The valuer confirms to management whether there are any significant movements in the intervening period. <p>Overall, we are satisfied that the valuation of land and buildings is fairly stated.</p>

Significant risks

Risk identified	Relates to	Audit procedures performed	Key observations
<p>Valuation of the liability related to defined benefit pension schemes</p> <p>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.</p> <p>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.</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>	Chief Constable and Group	<p>We have:</p> <ul style="list-style-type: none"> updated 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 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; undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed any additional procedures suggested within the report; and obtained 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. 	<p>We are satisfied with the valuation methodology and assumptions underpinning the valuations of the LGPS and PPS liabilities.</p> <p>LGPS</p> <p>We have noted a difference of £3.6m in the benefits paid in the IAS 19 report and the actuals per the pension fund's information system as the actuary estimates benefits paid based on valuation data from the most recent triennial valuation. The difference results from an actuarial methodology determined solely by the actuary, without any input from management. This remains an unadjusted difference.</p> <p>We also note that scheme assets are understated by £2.4m due to use of an IAS 19 report which was based on estimated Q4 asset movements. Management have confirmed that a report with actual movements for 2024/25 was received on 17 June 2025 hence not deemed reasonable to update the financial statements as the due date for publication was approaching.</p>

Significant risks

Risk identified	Relates to Audit procedures performed	Key observations
Valuation of the liability related to defined benefit pension schemes (continued)		<p>Further, plan assets are overstated by £0.347m following work performed by the Pension Fund Auditor.</p> <p>All misstatements identified are disclosure related with no impact on the primary statements due to the effects of the asset ceiling.</p> <p><u>PPS</u></p> <p>As was the case in 2023/24, we do not have assurance over the member data which underpins the 31 March 2025 valuation for the PPS.</p> <p>Our work on the Police Pension Fund Account, which is the basis for this liability is ongoing. In particular we have not yet completed our testing of a sample of pensions in payment during 2024/25.</p>

Group audit

Group audit

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.

The table below summarises our final group scoping, as well as the status of work on each component.

Component	Risk of material misstatement to the group	Scope planning	Scope final	Status	Comments
Police and Crime Commissioner for Leicestershire	Yes	Full audit	Full audit	●	Detail is set out in this report.
Chief Constable of Leicestershire	Yes	Full audit	Full audit	●	Detail is set out in this report.

- Planned procedures are incomplete and/or significant issues have been identified that require resolution.
- Planned procedures are ongoing/subject to review with no known significant issues.
- Planned procedures are substantially complete with no significant issues outstanding.

Other findings

Other findings – key judgements and estimates

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

Key judgement or estimate	Relates to	Summary of management's approach	Auditor commentary	Assessment
<p>Valuation of land and buildings</p> <p>£85.7m at 31 March 2025</p>	PCC (£ Group)	<p>Land and buildings held at valuation are subject to a 5-year rolling valuation programme, in line with the CIPFA Code with specialised assets valued annually. Land and buildings consist of a mixture of specialised assets valued under different valuation methodologies such as specialised assets valued at depreciated replacement cost (DRC) and non-specialised assets valued at existing use value (EUV).</p> <p>The PCC engaged Bruton Knowles to complete the valuation of properties at 31 December 2024. Management confirmed to us there was no impairment and no material changes in condition or ownership of land and buildings owned by the PCC between 1 January 2025 and 31 March 2025.</p> <p>Land and buildings are valued based on information provided by the PCC on GIAs (15% decrease adjustment to obtain NIA for EUV assets), estate plans and inspections performed by the valuer.</p> <p>The total year-end valuation of land and buildings was £85.7m, a net decrease of £0.8m from 2023/24.</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 with the accounting estimate; considered the competence, capabilities and objectivity of the valuation expert used by the PCC; considered the data and assumptions used by management to derive the accounting estimate; considered the appropriateness of the assumptions used; 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>Please refer to pages 18 to 19 for our findings. Overall, we are satisfied that the accounting estimate is fairly stated with appropriate disclosures made in the accounts.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

Other findings – key judgements and estimates

Key judgement or estimate	Relates to	Summary of management's approach	Auditor commentary	Assessment
<p>LGPS net pension liability £18.8m at 31 March 2025</p> <p>The LGPS is in a deficit per the financial statements for the group. This includes an 'asset ceiling' of £82.6m with reference to IFRIC 14. 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 on onerous funding commitments.</p>	All	<p>The PCC and Chief Constable's Local Government Pension Scheme net pension liability at 31 March 2025 was £18.8m comprising the Leicestershire County Council Pension Fund obligations.</p> <p>The group uses Hymans Robertson to provide actuarial valuations of the assets and liabilities derived from this scheme. A full actuarial valuation is required every three years with the latest full actuarial valuation having been completed as at 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 £13.2m net actuarial loss during 2024/25.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management's expert for competence 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; used PwC as an auditor's expert to assess the actuary and assumptions made by the actuary (see table on next page); considered the reasonableness of the liability split between the PCC and Chief Constable; and considered the adequacy of disclosure of the estimate in the financial statements. 	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

Other findings – key judgements and estimates

Key judgement or estimate	Relates to	Summary of management's approach	Auditor commentary			Assessment	
LGPS net pension liability (continued)			We have relied on the auditor expert PwC to support our assessment of the actuary's approach and assumptions:			We consider management's process is appropriate and key assumptions are neither optimistic or cautious.	
			Assumptions	Actuary value	PwC Range		Assessment
			Discount rate	5.8%	5.8%-5.85%		Reasonable
			Pension increase rate	2.75%	2.7%-2.8%		Reasonable
			Salary growth	3.25%	3.2%-5.3%		Reasonable
			Life expectancy – Males currently aged 45/65	21.8 yrs 21.0 yrs	n/a		Reasonable
			Life expectancy – Females currently aged 45/65	25.5 yrs 24.0 yrs	n/a		Reasonable
			<p><i>Note that PwC has not provided ranges for the mortality assumptions of Hymans Robertson as the actuary uses individual employer-level life expectancies. PwC has confirmed that the methodology used is reasonable.</i></p> <p>Please refer to pages 20 to 21 for our findings. Overall, we are satisfied that the accounting estimate is fairly stated with appropriate disclosures made in the accounts.</p>				

Other findings – key judgements and estimates

Key judgement or estimate	Relates to	Summary of management's approach	Auditor commentary	Assessment
<p>Police Pension Scheme liabilities</p> <p>£1,496.3m at 31 March 2025</p>	CC (& Group)	<p>The Chief Constable's Police Pension Scheme liability at 31 March 2025 was £1,496.3m. 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 as at 31 March 2020.</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 £178.9m net actuarial gain during 2024/25.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management's expert for competence 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 with the exception of member data; considered any changes to valuation methods and their impact; used PwC as an auditor's expert to assess the actuary and assumptions made by the actuary (see table on next page); considered the adequacy of disclosure of the estimate in the financial statements. <p>Please refer to pages 20 to 21 for our findings. Though we are satisfied that appropriate disclosures have been made in the financial statements, we do not have assurance over member data used in the valuation of Police Pension Scheme liabilities.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

Other findings – key judgements and estimates

Key judgement or estimate	Relates to	Summary of management's approach	Auditor commentary			Assessment	
Police Pension Scheme liabilities (continued)			Assumptions	Actuary value	PwC Range	Assessment	We consider management's process is appropriate and key assumptions are neither optimistic or cautious.
			Discount rate	5.9%	5.7%-5.9%	Reasonable	
			Pension increase rate	2.6%	2.6%-2.7%	Reasonable	
			Salary growth	4.1%	3.1%-5.1%	Reasonable	
			Life expectancy – Males currently aged 45/65	23.0 yrs 21.4 yrs	22.4-23.0yrs 20.7-21.4yrs	Reasonable	
			Life expectancy – Females currently aged 45/65	25.3 yrs 23.6 yrs	22.4-25.3yrs 20.7-23.6yrs	Reasonable	

Other findings – Information Technology

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

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Agresso	Roll-forward ITGC assessment (design and implementation)	●	●	●	●	Management override of controls

Assessment:

- Significant deficiencies identified in IT controls relevant to the audit of financial statements
- Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Not in scope for assessment

Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Police and Crime Commissioner and Chief Constable and Joint Audit, Risk and Assurance Panel, and no frauds have been brought to our attention. We have not been made aware of any other 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, including specific representations in respect of the 5 POCA bank accounts which are not included in the PCC's financial statements.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the PCC's banking and treasury partners. This permission was granted and the requests were sent. All were returned with positive confirmation and no alternative procedures were deemed necessary.
Disclosures	Our review found no material omissions in the financial statements. We have made some recommendations for improvement to disclosures.
Audit evidence and explanations	All information and explanations requested from management was provided.
Significant difficulties	No significant challenges arose during the audit which are likely to lead to delays in completion.
Other matters	No matters have been identified that are relevant to the fulfilment of the body's responsibilities.

Other responsibilities

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 2024). The Financial Reporting Authority 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> <ul style="list-style-type: none"> • Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • The use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the PCC and Chief Constable’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>(continued)</p>

Other responsibilities

Issue	Commentary
Going concern	<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 operates • the PCC and Chief Constable’s financial reporting framework • the PCC 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 this year’s audit will be disclaimed, 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 • management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

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 Narrative Reports and Annual Governance Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>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 Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit. • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. <p>We have nothing to report on these matters.</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 group audit instructions.</p> <p>Note that work is not required as the Group do not exceed the threshold.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2024/25 audits of Leicestershire Police PCC and Chief Constable in the audit reports, as we cannot formally conclude the audits and issue our audit certificates in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the NAO that the group audit (Whole Government Accounts) has been certified by the Comptroller & Auditor General.</p>

Audit adjustments

Audit adjustments – Chief Constable

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

No adjusted misstatements have been identified at the date of issuing our report. We will provide an update should any issues be identified from the remaining testing.

Impact of unadjusted misstatements

At the time of writing this report, we have not identified any unadjusted misstatements. Those charged with governance are required to approve management's proposed treatment of any unadjusted items.

Audit adjustments – PCC

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

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement	Balance Sheet	Impact on general fund
	£'000	£'000	£'000
Overstatement of short term debtors and short term creditors as a result of management recognising prepayments wherein the payment for future expenses was made after year-end.	0	(1,794) 1,794	0
Overall impact	0	0	0

Impact of unadjusted misstatements

At the time of writing this report, we have not identified any unadjusted misstatements. Those charged with governance are required to approve management's proposed treatment of any unadjusted items.

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	Misclassification or change identified	Adjusted?
Property, plant and equipment	As detailed on page 18, the valuer changed their approach for EUV assets from making use of GIA to NIA. Our view is that a disclosure should be included in the accounts detailing the reasons for the change. (PCC and Group – Note 13)	TBC
Long term borrowings	Management have disclosed the maximum amount payable in any one year as £3.46m. However, the correct figure is £4.39m. (PCC and Group – Note 20.1)	TBC
Financial instruments	<p>The cash and cash equivalents overdraft balance of £47,000 was missing from the financial instruments disclosure. (PCC and Group – Note 21)</p> <p>A disclosure was not included in the financial statements detailing the fair value hierarchy under which the fair value of borrowings falls as required by the Code. (PCC and Group – Note 21)</p> <p>The PCC's creditors which are a financial liability (£13.9m) were not disclosed in the financial instruments note. (PCC – Note 21)</p>	TBC
Defined benefit pension schemes	<p>A disclosure is required covering judgements made by management regarding the potential impact of the recent Virgin Media case.</p> <p>On the basis that the asset ceiling is material, a reconciliation should be disclosed showing the movement of the asset ceiling from 31/03/24 to 31/03/25.</p> <p>The reversal of items not permitted to be charged to the general fund by statute was overstated by £88.4m (Group), £0.3m (PCC) and £88.1m (CC) due to a formula error in the draft accounts workings.</p> <p>The rate of inflation should be updated for the LGPS as that should be the same as the pension increase assumption that is, 2.75% as opposed to 3.25%.</p> <p>(PCC and Group – Note 27, Chief Constable – Note 14)</p>	TBC

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Defined benefit pension schemes	The disclosure for transactions relating to post-employment benefits was inconsistent with the layout set out in the CIPFA Guidance Notes for Practitioners 2024/25. Formerly, the disclosure detailed the net charge to the general fund as opposed to the actual amount charged against the General Fund balance for pensions in the year. (PCC & Group – Note 27 and, Chief Constable – Note 14)	TBC
Defined benefit pension schemes	<p>Narrative disclosures are currently focused on the Group. However, as a result of LGPS liabilities being split between the PCC and Chief Constable, the following should be disclosed for each entity:</p> <ul style="list-style-type: none"> £56.1m actuarial gain – £1.3m (PCC) and £54.8m (Chief Constable) should be disclosed £1.9m gain on plan assets – £43k (PCC) and £1.857m (Chief Constable) should be disclosed £18.8m asset ceiling net liability – £0.4m (PCC) and £18.4m (Chief Constable) should be disclosed £1,417m negative overall balance – £103m (PCC - positive) and £1,520m (Chief Constable - negative) should be disclosed <p>(PCC – Note 27 and Chief Constable – Note 14)</p>	TBC
Defined benefit pension schemes	<p>The description presenting the disclosure of non-mortality assumptions suggests that the table is disclosing sensitivities though these are disclosed separately in Note 39.</p> <p>On each assumption, the wording "increase or decrease by 1%" should also be removed as the disclosure is for assumptions used in the valuation of pension liabilities at 31 March 2025 and not sensitivities. The return on plan assets assumption was also missing from this table.</p> <p>Life expectancies for the LGPS need to be updated to match the IAS 19 report specific to current pensioners (men) in the Chief Constable's accounts which are currently stated as 24yrs instead of 21yrs.</p> <p>(PCC & Group – Note 27 and, Chief Constable – Note 14)</p>	TBC

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	The signage for debtors/PIA requires updating noting that it is currently shown as 'increase/(decrease) in debtors/PIA' when it should be shown as '(increase)/decrease in debtors/PIA'. (PCC and Group – Note 33.2)	TBC
Officers' remuneration	Disclosure has not been made under Note 6 specific to the PCC of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more. Further, no exit packages disclosure has been made for the PCC. (PCC)	TBC
Narrative report	Management have noted in the narrative report on page 5 in the PCC and Group statement of accounts (page 7 - Chief Constable) that subsequent to applying the asset ceiling, the residual liability is £18m. However, per the respective defined benefit pension scheme notes in the accounts, the residual liability is £18.8m. (PCC, Chief Constable and Group)	TBC
Pension Fund Account	The range for employee contribution rates is currently disclosed as 12.05% to 15.05%. However, this should be updated to 12.44% to 13.78% to reflect the employee contribution rates in 2024/25. (Chief Constable and Group) An additional line item should be added to the Pension Fund Account which details the additional contribution from the PCC/Home Office to fund the deficit for the year. In addition, the table representing the net assets and liabilities of the fund should not have the current asset balance disclosed in that table. (Chief Constable and Group)	TBC
Annual Governance Statement	There are several points made in the document which mention the PCC's arrangements and commitments. Consideration is required to ensure the disclosures are appropriate with reference to the Chief Constable. (Chief Constable)	TBC

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Defined benefit pension schemes	When preparing the IAS 19 disclosures, the LGPS actuary estimates benefits payable based on assumptions informed by the Fund at the 2022 triennial valuation. Benefits reported by the actuary in the IAS 19 report were £7.462m whereas actual benefits paid by the Fund totalled £11.088m resulting in a difference in the benefits payable disclosure of £3.626m (understatement). On the basis that this error impacts both plan assets and plan liabilities, there is therefore no impact on the net liability disclosed on the Balance Sheet. (Chief Constable and Group)	No – immaterial
Defined benefit pension schemes	Upon completion of their audit work, the Pension Fund Auditor for Leicestershire County Council Pension Fund identified that net investment assets were overstated. Apportioning the misstatement by the authority's share of the LGPS's net investment assets has led to a £347,000 overstatement in the authority's disclosures. Due to the IFRIC 14 asset ceiling impact, the misstatement is a disclosure error with no impact on the CIES, Balance Sheet and Statement of Movement in Reserves. (Chief Constable and Group)	No – immaterial
Defined benefit pension schemes	LGPS Scheme assets are understated by £2.4m due to use of an IAS 19 report which was based on estimated Q4 asset movements. Management have confirmed that a report with actual movements for 2024/25 was received on 17 June 2025 hence not deemed reasonable to update the financial statements as the due date for publication was approaching. Due to the IFRIC 14 asset ceiling impact, the misstatement is a disclosure error with no impact on the CIES, Balance Sheet and Statement of Movement in Reserves. (Chief Constable and Group)	No – immaterial

Impact of unadjusted misstatements in the prior year

The table below provides details of misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2023/24, and the resulting impact upon the 2024/25 financial statements. We also present the cumulative impact of both prior year and current year unadjusted misstatements on the 2024/25 financial statements. Those charged with governance are required to approve management's proposed treatment of all items recorded within the table below.

Disclosure	Relates to	Misclassification or change identified	Adjusted?
Statement of Movement in Reserves	Group	The CIPFA Code 3.4.2.56 states that the Statement of Movement in Reserves (SMR) shall show 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. We therefore expect the adjusted CIES components to flow into the group SMR.	X
Jointly Controlled Operations	Chief Constable & Group	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. 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.	X

Action plan

We set out here our recommendations for the which we have identified as a result of issues identified during 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	Relates to	Issue and risk	Recommendations
●	PCC and Group	<p>Recognition of prepayments</p> <p>By definition, a prepayment is a payment in advance for goods or services that will be received or used in the future. As such, recognition is dependent on payments being made prior to 31 March 2025. As part of our testing of short term debtors, we identified balances recognised as prepayments wherein payment to the supplier was made in April 2025, thus not meeting the definition of a prepayment.</p> <p>There is therefore a risk of material misstatement in the financial statements where balances are not recognised in line with the financial reporting framework.</p>	<p>Management should ensure that team members are reminded regarding the recognition requirements for short term debtors specific to prepayments.</p> <p>Management response</p> <p>Agreed – Finance Team members will be reminded of the recognition requirements and additional controls built into the year-end timetable to identify any future issues.</p>

Key

- High – Significant impact on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan

Assessment	Relates to	Issue and risk	Recommendations
●	PCC, Chief Constable and Group	<p>Lack of appropriate segregation of duties in IT General Controls</p> <p>Best practice recommends maintaining clear segregation of duties between IT and Finance functions to ensure appropriate control over system access and operations. However, our review identified that the Senior Accountant has access rights within the general ledger system, enabling them to create and remove user accounts as well as perform system upgrades.</p> <p>This level of access introduces a risk of management override of controls, as it creates the potential for these users to establish fictitious accounts and approve journal entries initiated under those accounts.</p>	<p>Management should ensure that access is based on the principle of least privilege and commensurate with job responsibilities. In addition, management should also define segregation of duty policies and processes and ensure that there is an understanding of roles, privileges assigned to those roles and where incompatible duties exist.</p> <p>Management response</p> <p>The 'systems administration' function of the finance system has always been undertaken by the Finance Team rather than IT. The organisation is of a view that appropriate compensating controls are in place i.e Head of Finance reviews all journals, User Access audit is included in the performance file.</p>

Action plan

Assessment	Relates to	Issue and risk	Recommendations
●	PCC, Chief Constable and Group	<p>Separate bank accounts for jointly controlled operations</p> <p>We note that the group participates in collaborative arrangements with the other East Midlands forces. Each joint operation in its individual management accounts has a balance disclosed for cash and cash equivalents. Following discussions with management, it is our understanding that all transactions for the joint operations go through the PCC's bank account where Leicestershire is the lead force, and no separate bank accounts are maintained.</p>	<p>Management should seek to open separate bank accounts for each joint operation where Leicestershire is the lead force. This will provide a better record of transactions specific to each joint operation.</p> <p>Management response</p> <p>It would not be feasible to operate separate bank accounts for the joint arrangements as their transactions are intrinsically linked to the Leicestershire finance system.</p>

Action plan

Assessment	Relates to	Issue and risk	Recommendations
●	PCC, Chief Constable and Group	<p>Lack of documentation supporting exit payments</p> <p>We were not provided with any documentation supporting a voluntary redundancy payment made to a former employee amounting to £25,000. Following discussions with management it is our understanding that an agreement was reached with the individual verbally hence there being no written documentation.</p> <p>Written and signed correspondence and documents provide an audit trail for transactions pertaining to Leicestershire Police. The absence of these documents therefore makes it impossible to validate the transaction.</p>	<p>Management should ensure that all transactions are supported by valid HR documentation and that payments made to employees are only processed upon receipt of the necessary and relevant documents.</p> <p>Management response</p> <p>This was an isolated incident and a conscious management decision due to the severe ill health of the colleague who subsequently passed away in service, which had to be handled very sensitively. Appropriate paperwork was provided for all the other 'Exit' packages.</p>

Action plan

Assessment	Relates to	Issue and risk	Recommendations
●	PCC and Group	<p>Calculation of depreciation charge for vehicles</p> <p>Following our audit work on the depreciation charge recognised during the year, we identified that management's approach to depreciation for vehicles made use of a formula which results in depreciation being charged over 4.5 years as opposed to the 5 years which is stated by the accounting policy noting that the formula seeks to leave a residual balance. The residual balance of vehicles represents the amount that could be received from disposal of the asset at the end of its useful life.</p> <p>This may lead to potential misstatements in the future should there ever be a significant acquisition of vehicles.</p>	<p>Management should consider whether the approach used reflects the actual pattern by which the assets' future economic benefits are consumed, and should look to align the accounting policy and the approach used in practice.</p> <p>Management response</p> <p>The Force will undertake a review of the policy in place to determine whether it remains appropriate or should be amended.</p>

Follow up of prior year recommendations

We identified the following issue in the audit of the PCC and Chief Constable's 2023/24 financial statements, which resulted in 1 recommendation being reported in our 2023/24 Audit Findings Report. We are pleased to report that management have implemented our recommendation.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
WIP	<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>Due to the timing of the recommendation and engagement with the actuary on the matter, it was not possible to request the actuary to prepare two separate IAS 19 reports for 2024/25. However, management have confirmed that this is in progress for 2025/26 reporting.</p> <p>For the purposes of 2024/25 reporting, management split the PCC and Chief Constable's liabilities in the LGPS using the FTE for PCC and Chief Constable employees who are members of the LGPS. We are satisfied that management have applied this methodology accurately, however our view is that separate actuarial valuations are best practice.</p>

Assessment

✓ Action completed

X Not yet addressed

Value for Money arrangements

Value for Money arrangements

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

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from November 2025.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



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.



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.

In undertaking this work we have not identified any significant weaknesses in arrangements. Our Auditor's Annual Report accompanies this Audit Findings Report.

Independence considerations

Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged or charged from the beginning of the financial year to date, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Leicestershire Police. No non-audit services have been provided. We will confirm these fees below on completion of the audit fieldwork.

Audit fees	PCC	Chief Constable
Scale fee	£103,086	£54,029
Total audit fees (excluding VAT)	£103,086	£54,029

Total audit and non-audit fee

Audit fee		Non-audit fee	
PCC	£103,806	PCC	£0
Chief Constable	£54,029	Chief Constable	£0

The above fees are exclusive of VAT and the fees agree to the financial statements.

Appendices

A. Communication of audit matters with 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	●	●
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 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		●

A. Communication of audit matters with those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
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, as a minimum a requirement exists for our findings to be distributed to all the company directors and 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 those charged with governance.

B. Our team and communications

Grant Thornton core team

Laurelin Griffiths

Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance]

Keith Chaisewa

Audit Senior Manager

- Audit planning
- Resource management
- Performance management reporting

Araminta Allen

Audit Senior

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

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Joint Audit Plan • The Joint Audit Findings 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues



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