



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

Year ending 31 March 2026

27 April 2026



# Contents

Section	Page
Introduction and headlines	03
The backstop	06
Identified risks	07
Group audit	13
Our approach to materiality	14
IT audit strategy	16
Value for money arrangements	17
Logistics	21
Fees and related matters	23
Independence considerations	25
Communication of audit matters with those charged with governance	27
Appendices	29

# 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 ('the PCC Group') and the Chief Constable of Leicestershire ('the CC') for those charged with governance. Those Charged with governance is the Police and Crime Commissioner and the Chief Constable as each is a corporation sole.

## Respective responsibilities

The National Audit Office ('the NAO') Code of Audit Practice 2024 ('the Code') 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 CC. We draw your attention to these documents.



## Scope of our Audit

The scope of our audit 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 PCC Group's and Chief Constable's financial statements 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 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's 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 controls
- Valuation of the PCC's land and buildings
- Valuation of the Chief Constable's gross defined benefit liability and the valuation of plan assets

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.

## Materiality

We have determined planning materiality to be £8.8m (PY £7.8m) for the Group, £6.9m (PY £5.9m) for the PCC, and £8.5m (PY £7.6m) for the Chief Constable, which equates to approximately 2.5% 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. Whilst we calculate separate materiality levels for the group, the PCC, and the Chief Constable, we use the lowest of the three (the PCC's materiality) as the basis for our overall financial statements audit.

Clearly trivial has been set at £0.345m (PY £0.295m).

## Group Audit

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

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure economy, efficiency and effectiveness in its use of resources has not identified any significant weakness areas or related risks, requiring additional work. We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report.

# Introduction and headlines (continued)

## Audit logistics

Our interim visit will take place from March to April, and our final visit will take place from July. Our key deliverables are this Joint Audit Plan, our Joint Audit Findings Report, Joint Auditor's Annual Report and Audit Opinions.

Our proposed fee for the audit will be £111,911 (PY: £109,025) for the PCC Group and £57,656 (PY: £56,144) for the Chief Constable, subject to the PCC Group and Chief Constable 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

# The Backstop

## The Future of 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 require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027; and
- for years ended 31 March 2028 by 30 November 2028.

The Regulations are supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced to clear the backlog of historic financial statements and support 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.

## Our Work

In order to achieve the statutory deadlines for the next two financial years, we will be working towards an internal deadline for 2025/26 of 30 November 2026, as a dry run for future years. We ask you to assist us with this ambition which will include communicating our Audit Findings and Auditor's Annual Report to the PCC and Chief Constable in advance of the end of November 2026, to enable the financial statements to be authorised and signed, and allow us to issue our audit report by that date. We note that the NAO has already set a requirement that our Value for Money (VfM) work is completed by 30 November each year which has been set to align with the upcoming deadline for the financial statements.

Whilst we recognise that the formal deadline for you as a local authority to publish your draft accounts is 30 June 2026, we feel an important first step towards achieving closure by the end of November is to complete early testing wherever possible. With this in mind, we will look to undertake more significant early testing during our interim audit visit. We will also look to complete a suite of initial sample selection and testing at several audited bodies, starting as early as 15 June.

Bringing testing forward should allow us as a firm to deliver all of our 2025/26 local government audits by the end of November 2026, putting us in a strong position ahead of the backstop formally moving to 30 November 2027. We appreciate this will require a change in how both finance and audit teams operate to make this a reality, and we are committed to making this happen. We will engage early with your finance team to clearly set out our expectations and what is needed to make a success of these plans, and we ask that you work with us to achieve this. MHCLG have asked us as a firm to report by 31 July 2026, on a case by case basis, our assessment of local authorities' ability to both maintain and where necessary rebuild assurance. Having a clear, agreed project plan to complete our work on both the financial statements and the VfM by the end of November 2026 is a key part of this assurance.

# 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	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p><b>Risk Relates to</b> CC, PCC and Group</p>	<p>We have therefore identified management override of controls, in particular journals, reversal of prior year accruals after the prior audit year has been signed off, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<ul style="list-style-type: none"> <li>• Review of accounting estimates, critical judgements and significant decisions made by management</li> <li>• Evaluate the design and implementation of controls</li> <li>• Review of accounting policies and any changes to those policies</li> <li>• Testing of journals entries for appropriateness</li> <li>• Review of unusual significant transactions</li> </ul>



“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).

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<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>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the PCC, Group and CC. We have determined that the risk of fraud arising from revenue recognition for all revenue streams can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited; and</li> <li>• the culture and ethical frameworks of police bodies, including the PCC and CC, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore, we do not consider this to be a significant risk for either the PCC or the CC.</p>	<p>Where the risk has been rebutted, we do not consider this to be a significant risk for the PCC, Group and CC, standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>

# Significant risks identified (continued)

## Significant risk

The expenditure cycle includes fraudulent transactions. 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.

## Audit team's assessment

We have identified and completed a risk assessment of all expenditure streams for the PCC, Group and CC. We have assessed the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams. This is due to the low risk of fraud in the nature of the underlying transaction, or immaterial nature of the expenditure streams both individually and collectively.

## Planned audit procedures

Where the risk has been assessed and we do not consider this to be a significant risk for the PCC, Group and CC, standard audit procedures will be carried out. We will keep this risk assessment under review throughout the audit to ensure this judgement remains appropriate.

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, related parties and similar areas. Management should also expect to provide 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	Audit team's assessment	Planned audit procedures
<p>Valuation of land and buildings</p> <p><b>Risk Relates to</b> PCC and Group</p>	<p>A significant change in the 2025/26 Code is that the requirement to revalue an asset when its fair value differs materially from its carrying value has been withdrawn.</p> <p>The valuations are considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.</p>	<ul style="list-style-type: none"> <li>• Documenting an understanding of the processes and controls put in place by management to ensure that property valuations are not materially misstated and evaluating the design of the associated controls</li> <li>• Evaluating management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuer, and the scope of their work</li> <li>• Evaluating the competence, capabilities and objectivity of the valuation expert</li> <li>• Writing to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met</li> <li>• Challenging the information and assumptions used by the valuer to assess their reasonableness and consistency with our understanding</li> <li>• Testing 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</li> <li>• Testing revaluations made during the year to see if they have been input correctly into the asset register</li> <li>• Reviewing the indexation of assets not revalued</li> </ul>

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of the gross defined benefit liability and the valuation of plan assets</p> <p><b>Risk Relates to</b> CC and Group</p>	<p>The present value of the defined benefit obligation and the valuation of plan assets, reflecting the liabilities and assets of the Local Government Pension Scheme (for Police Staff) and the liabilities for the Police Pension Schemes (for Police Officers) represent significant estimates in the financial statements.</p> <p>The gross liabilities are considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>The CC's share of level 3 investment assets owned by the LGPS are also considered a significant estimate due to the magnitude of the balances involved and the diverse composition of the underlying assets which include property, unquoted equity and private debt.</p> <p>We have therefore identified the valuation of both the gross liability and the gross asset as a significant risk of material misstatement.</p>	<ul style="list-style-type: none"> <li>• Documenting our understanding of the processes and controls put in place by management to ensure that the group's present value of the defined benefit obligation is not materially misstated and evaluating the design of the associated controls</li> <li>• Evaluating 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</li> <li>• Assessing the competence, capabilities and objectivity of the actuaries who carried out the pension fund valuations</li> <li>• Assessing the accuracy and completeness of the information provided to the actuaries to estimate the liabilities</li> <li>• Testing the consistency of the pension fund assets, liabilities and disclosures in the notes to the core financial statements with the actuarial reports from the actuaries</li> <li>• Undertaking 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</li> <li>• Obtaining assurances from the auditor of Leicestershire County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data</li> <li>• Obtaining assurances from the auditor of Leicestershire County Council Pension Fund as to the valuation of level 3 investment assets owned by the pension fund</li> </ul>

# 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 Group 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 Group 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
  - 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.

# Scope of 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.

Component	Risk of material misstatement to the PCC group	Auditor	Audit scope	Statutory audit
Police and Crime Commissioner for Leicestershire	Yes	Grant Thornton UK		Yes
Chief Constable of Leicestershire	Yes	Grant Thornton UK		Yes

## 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.

## Audit scope

- Audit of the entire financial information of the component
- Specific audit procedures designed by the group auditor

# Our approach to materiality

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

## Description

### Determination

We have determined planning materiality (financial statement materiality) at the planning stage of the audit based on professional judgement in the context of our knowledge of the PCC, Group and CC, including consideration of factors such as public expectations, industry developments, financial stability and reporting requirements for the financial statements.

### Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements.

### Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process.

## Planned audit procedures

We determine planning materiality 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
- assist in evaluating the effect of known and likely misstatements in the financial statements.

An item may be considered to be material by nature when it relates to:

- instances where greater precision is required (eg senior officer remuneration)

We reconsider planning materiality on receipt of the draft statement of accounts and 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.

# Our approach to materiality (continued)

	Amount (£)	Qualitative factors considered
Materiality for the Group financial statements	8,800,000	Materiality equates to approximately 2.5% of your 2024/25 gross operating costs for the year. This assessment reflects the fact that the PCC and Chief Constable operate in a stable, publicly funded environment and no significant control deficiencies were identified in the prior year or in the course of our audit planning.
Materiality for the CC financial statements	8,500,000	We have determined financial statement materiality based on a proportion of the prior year gross operating costs of the group, the PCC and the Chief Constable. For our audit testing purposes we apply the lowest of these materialities, which is £6.9m, which equates to approximately 2.5% of the PCC's gross operating costs for 2024/25.
Materiality for PCC financial statements	6,900,000	
Materiality for specific transactions, balances or disclosures: - Officers' remuneration	32,200	Senior officer disclosures are deemed a sensitive area for users of the accounts. Materiality for officers' remuneration is set equivalent to approximately 2.5% of the prior year officers' remuneration figure for the period ended 31 March 2025.



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)

# 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 audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits 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	<ul style="list-style-type: none"> <li>ITGC assessment (design and implementation only)</li> </ul>

# Value for Money Arrangements

## Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the PCC Group and CC has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. 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 was introduced from November 2025. The three specified reporting criteria are set out below:

### Financial sustainability

How the PCC Group and CC plans and manages its resources to ensure it can continue to deliver its services.



### Governance

How the PCC Group and CC ensures that it makes informed decisions and properly manages its risks.



### Improving economy, efficiency and effectiveness

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



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

# Risks of significant weakness in VFM arrangements

## Risk assessment of the PCC Group’s and CC’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 2025/26. 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	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	G No significant weaknesses identified and no improvement recommendations made.	No risk of significant weakness identified from our planning work in relation to financial sustainability.	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.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

# Risks of significant weakness in VFM arrangements

## (continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Governance	<p><b>A</b></p> <p>No significant weaknesses identified. We raised an improvement recommendation in relation to the Police Pension Scheme.</p>	<p>No risk of significant weakness identified from our planning work in relation to governance arrangements.</p>	<p>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 the improvement recommendation we raised last year.</p>
Improving economy, efficiency and effectiveness	<p><b>G</b></p> <p>No significant weaknesses identified and no improvement recommendations made.</p>	<p>No risk of significant weakness identified from our planning work in relation to improving economy, efficiency and effectiveness.</p>	<p>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.</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

# Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the PCC's and CC's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the PCC's and CC's arrangements and report any further 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 table below.

## Potential types of recommendations



### Statutory recommendation

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

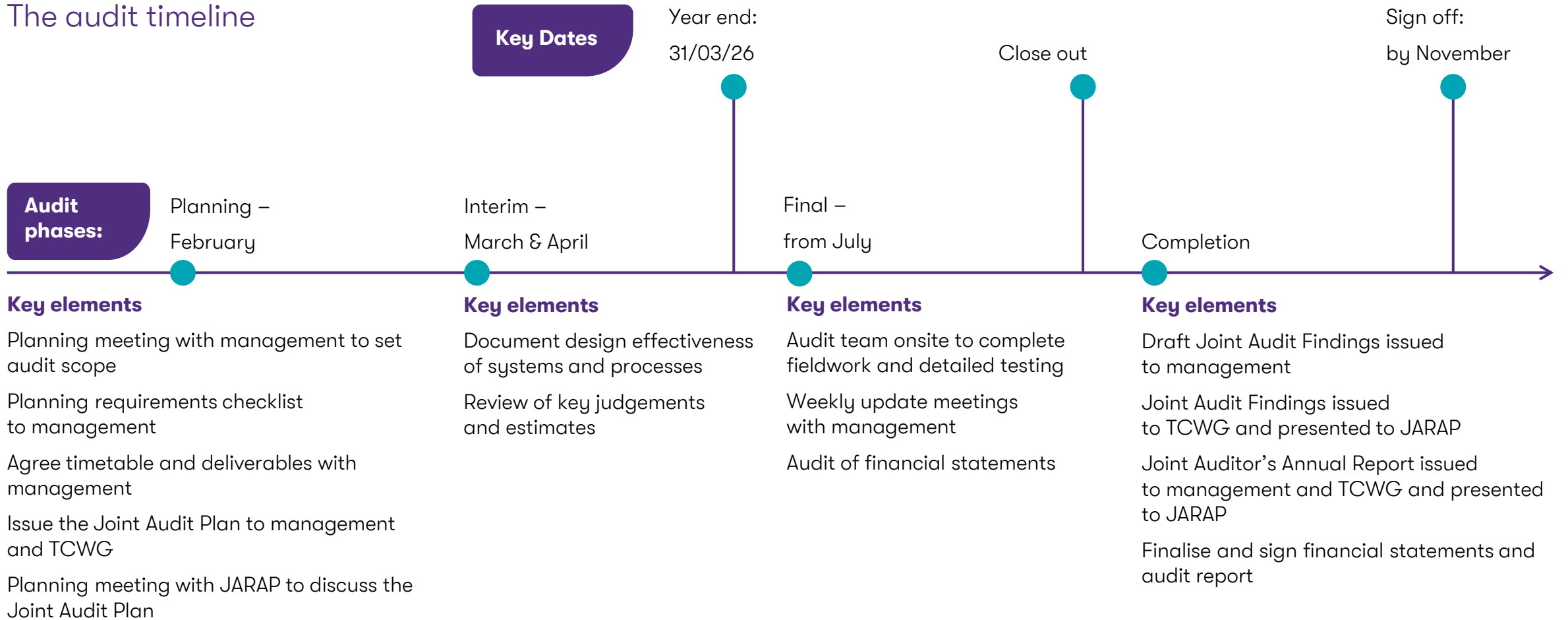


### Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

# Logistics

## The audit timeline



# Our team and communications

## Grant Thornton core team

**Laurelin Griffiths**  
Key Audit Partner

- Key contact for senior management and Joint Audit Risk and Assurance Panel
- Overall quality assurance

**Keith Chaisewa**  
Audit Senior Manager

- Audit planning
- Resource management
- Performance management reporting

**Nilufar Karimova**  
In-charge

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

## Pool of specialists and other technical specialists

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

# Our fee estimate

## 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 audits for PCC Group and CC to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £105,972 for the PCC Group and £55,541 for the CC.

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 or opinion issued (but not before 1 December 2025)

- 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.

# Our fee estimate (continued)

## 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/Group and CC will:

- prepare good quality sets 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 estimates 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 2024/25 the scale fee set by PSAA was £103,086 for the Group and PCC and £54,029 for the CC. The actual fee charged for the audit was £109,025 for the Group and PCC and £56,144 for the CC.

The opinion on the 2024/25 (and 2021/2022 – 2023/24) audit was disclaimed due to the imposition of a backstop date, we will therefore need to undertake further audit work in respect of opening balances. We will discuss the practical implications of this with management.

Company	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
PCC Group Audit	103,086	105,972
Chief Constable Audit	54,029	55,541
Jointly Controlled Operations Fee Variation*	8,054	8,054
<b>Total (Exc. VAT)</b>	<b>165,169</b>	<b>169,567</b>

\*The jointly controlled operations fee variation is subject to PSAA approval.

# Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, we confirm there are no matters that we are required to report.

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

<b>Matter</b>	<b>Conclusions</b>
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the PCC Group and CC 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 CC and PCC/Group 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 Group and CC 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/Group and CC.
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 of the PCC/Group's and CC's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

# Independence considerations (continued)

We confirm that there are no significant facts or matters that impact our independence at planning 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. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

# 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 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	●	●
Views about the qualitative aspects of the PCC Group and CCs accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●

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, Leicestershire Police Audit Plan, outlines our audit strategy and plan to deliver the audits, 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 audits, 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.

# Communication of audit matters with those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
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		●

# Appendices

# Financial reporting changes

## Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

## New or revised accounting standards that are re expected to be adopted by the CIPFA Code in future years.

### Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

## 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 (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

### 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 comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- 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 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from [2027/28](#).



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