Joint Audit Plan for Northamptonshire Police, Fire and Crime Commissioner and Northamptonshire Chief Constable

Year ending 31 March 2025

29 April 2025

Contents

Section	Page
Key developments impacting our audit approach	3
Introduction and headlines	11
Identified risks	14
Group audit	21
Our approach to materiality	23
IT audit strategy	26
Value for money arrangements	28
Logistics	32
Fees and related matters	35
Independence considerations	37
Communication of audit matters with those charged with governance	39
Delivering audit quality	41
Appendices	43

01 Key developments impacting our audit approach

Local Audit Reform

External factors

Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

- The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:
- Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

Key developments impacting our audit approach

National Position

Funding

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

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

Public trust

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

Police officer uplift programme (PUP) and vetting

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

Our Response

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

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

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

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

Key developments impacting our audit approach

Local Context	Our Response
The 2021/22 and 2022/23 audit opinions were disclaimed due to the impacts of the local government backstop, and despite us completing a significant amount of our audit work in the 2023/24 financial year, we were unable to complete sufficient work to conclude on opening, and therefore closing, balances by the 28 February 2025 backstop. A disclaimed opinion was issued for each of the Chief Constable and the PFCC once again in 2023/24, although the work we have completed will help us towards the aim of rebuilding assurance.	• We have started the planning of the 2024/25 audit earlier this year, and in line with the timetable for our other audited bodies. We plan to start the final accounts audit in late June with the aim of finalizing our work in the Autumn.
New accounting standards and reporting developments Local authorities will need to implement IFRS 16 Leases from 1 April 2024. The main difference from IAS 17 will be that leases previously assessed as operating leases by lessees will need to be accounted for on balance sheet as a liability and associated right of use asset. More information can be found on the next slide. The FRC issued revisions to ISA (UK) 600 'Audits of group financial statements (including the work of component auditors)'. The revised standard includes new and revised requirements that better aligns the standard with recently revised standards such as ISQM 1, ISA 220 (Revised) and ISA 315 (Revised 2019). The new and revised requirements strengthen the auditor's responsibilities related to professional scepticism, planning and performing a group audit, two-way communications between the group auditor and component auditor, and documentation. The changes are to keep the standard fit for purpose in a wide range of circumstances and the developing environment.	• Audit procedures to confirm IFRS 16 has been correctly adopted. • Enhanced procedures in respect of audits of group financial statements

Key developments impacting our audit approach (continued)

Our commitments

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

Key developments impacting our audit approach (continued)

Our responses

Our Responses (continued)

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

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

IFRS 16 Leases

Summary

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

Introduction

IFRS 16 updates the definition of a lease to:

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

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

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

There are however the following exceptions:

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

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

Systems and processes

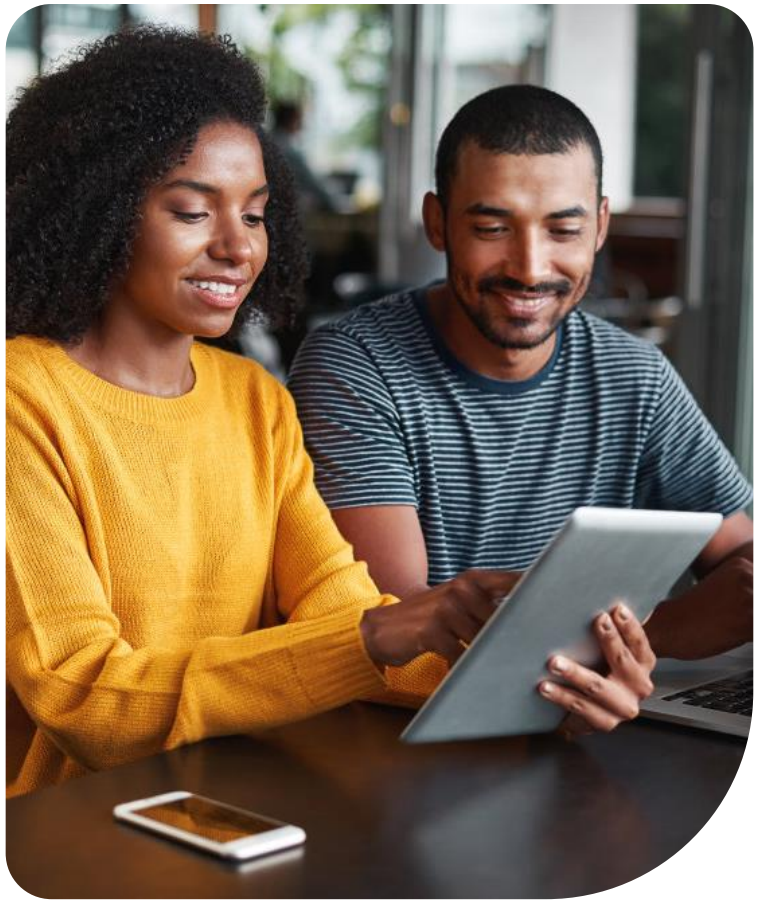
We believe that most Police Bodies will need to reflect the effect of IFRS 16 changes in the following areas:

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

Planning enquiries

As part of our planning risk assessment procedures we have discussed the implementation of IFRS 16 with management, and we have requested that specific consideration be given to the arrangements in place between the PFCC and the Chief Constable.

The Backstop



Local Government National Context – The Backstop

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

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

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

Local Government National Context – Local Audit Recovery

In the audit report for the year ended 31 March 2024, a disclaimer of opinion was issued for each of the Chief Constable's and the PFCC and group's financial statements, due to the backstop.

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

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

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

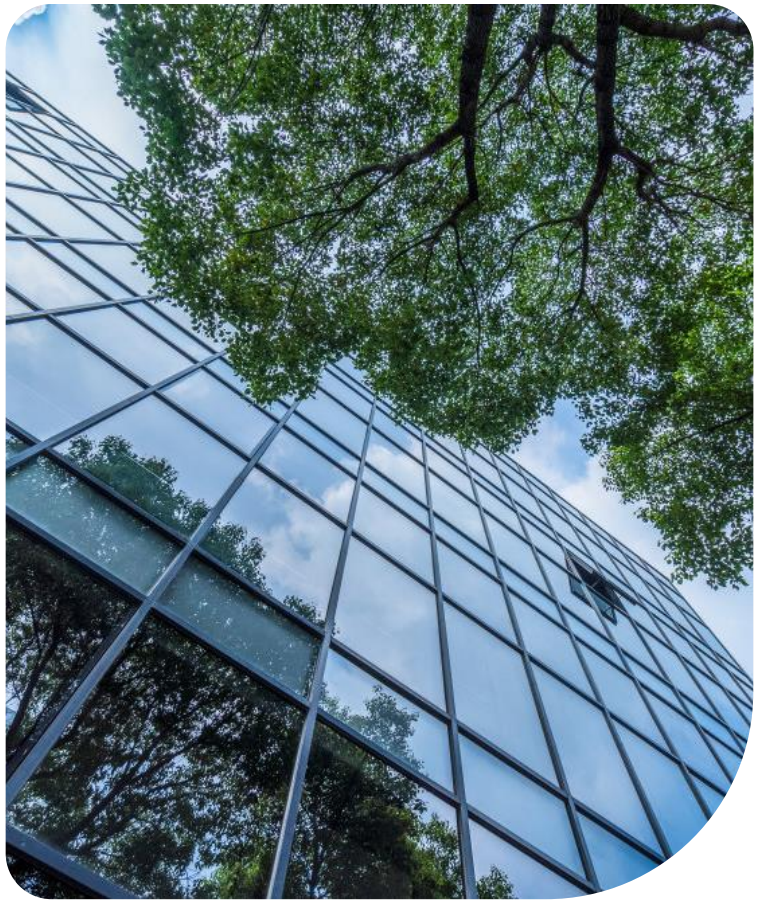
Our Work

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

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

02 Introduction and Headlines

Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audits of Northamptonshire Police, Fire and Crime Commissioner and Northamptonshire Chief Constable for those charged with governance. Those charged with governance is the PFCC and the Chief Constable respectively, as each is a corporation sole.

Respective responsibilities

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

Scope of our Audit

The scope of our audits is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the financial statements of the Chief Constable, and of the PFCC & Group, that have been prepared by management with the oversight of those charged with governance; and we consider whether there are sufficient arrangements in place at each of the PFCC 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 PFCC 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 PFCC and Chief Constable are fulfilling these responsibilities.

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

Introduction and headlines (continued)

Significant risks

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

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

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

Group Audit

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

Materiality

We have determined planning materiality to be £5.6m (PY £4.6m) for the Group, £4.1m (PY £3.0m) for the PFCC, and £5.1m (PY £4.1m) for the Chief Constable, which equates to 2.25% of the prior year gross expenditure.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors (where applicable).

Clearly trivial has been set at £205k (PY £150k).

Value for Money arrangements

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

Audit logistics

Our planning work began in January 2025, and an interim visit took place in April 2025. Our final visit is planned to commence from August 2025.

Our key deliverables are this Joint Audit Plan, our Joint Audit Findings Report and Joint Auditor's Annual Report.

Our proposed fee for the audit will be £110,770 (PY: £107,128) for the Group and £54,029 (PY: £52,252) for the Chief Constable, subject to the PFCC and Chief Constable each delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements

03 Identified risks

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

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

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

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

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

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

Significant risks identified (continued)

Significant risk	Risk relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions	n/a	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. As external audits in the public sector, we are also required to give regard to Practice Note 10, which interprets the ISA in a public sector context and directs us to consider whether the assumption also applies to expenditure.	We have identified and completed a risk assessment of all revenue streams for the Chief Constable and PFCC. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of public sector bodies, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for either entity or the Group.	Having considered the risk factors set out in ISA 240 and nature of the revenue streams at the Group, we have determined that the risk of fraud arising from revenue recognition can be rebutted. Therefore, at the planning stage we do not consider this to be a significant risk for either entity, and standard audit procedures will be carried out. We will continue our risk assessment throughout the audit to identify any circumstances indicating a requirements to alter the decision.
The expenditure cycle includes fraudulent transactions	n/a	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	We have identified and completed a risk assessment of all expenditure streams for the Chief Constable and PFCC. We have considered the risk that expenditure may be misstated due to improper for all streams and concluded that there is not a significant risk, because: • there is little incentive to manipulate expenditure recognition; • opportunities to manipulate expenditure recognition are very limited; and • the culture and ethical frameworks of public sector bodies, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for either entity or the Group.	We do not consider this to be a significant risk for the either the Chief Constable or the PFCC Group, and standard audit procedures will be carried out. We will keep this assessment under review throughout the audit to ensure this judgement remains appropriate.

Significant risks identified (continued)

Significant risk	Risk relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
Valuation of land and buildings	PFCC (& Group)	The PFCC revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from current value (or the fair value for surplus assets) at the financial statements date. This is done via full valuations, or on a desktop basis, with a full valuation undertaken at least once every five years in accordance with the requirements of the CIPFA Code.	This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£84 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. We therefore have identified that the accuracy of the key inputs and assumptions driving the valuation of land and buildings, and surplus assets, as a significant risk.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuer, and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; • challenge the information and assumptions used by the valuer to assess the completeness and consistency with our understanding; • test, on a sample basis, revaluations made during the year, agreeing key source data used such as floor areas and build costs to suitable independent evidence and confirming that the valuation methodology has been correctly applied; and • test revaluations made during the year to see if they had been input correctly into the asset register.

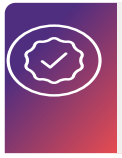
Significant risks identified (continued)

Significant risk	Risk relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net liability	Chief Constable (& Group)	The Chief Constable's net pension liability, made up of both the Local Government Pension Scheme (LGPS) and Police Pension Scheme (PPS), as reflected in its balance sheet, represents a significant estimate in the financial statements. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework).	The net pension liability is considered a significant estimate due to the size of the numbers involved (£1.055 billion at 31 March 2024) and sensitivity of the estimate to changes in the key assumptions. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. With regard to these assumptions, we have therefore identified the valuation of the net asset / liability as a significant risk.	We will: • update our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management experts (the actuaries for the LGPS and PPS) for this estimate and the scope of the actuaries' work; • assess the competence, capabilities and objectivity of the actuaries who carried out the pension fund valuations; • assess the accuracy and completeness of the information provided to the actuaries to estimate the liabilities; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuaries; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of the Northamptonshire Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary, and the fund assets valuation in the pension fund's financial statements.

Other risks identified

Other risks are, in the auditor's judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Risk relates to	Reason for risk identification	Planned audit procedures
IFRS16	PCC Group/Chief Constable	2024/25 is the first year of application of IFRS 16, which was implemented from 1 April 2024. The standard establishes a new accounting model in which all leases for assets for more than 12 months above a de minimis value will be accounted for by recognising a 'right to use' asset on the Balance Sheet, together with a liability for the present value of the lease payments. As this is a new standard this year, we consider that this presents completeness a risk to the accounts. (see page 9 for further detail)	We will consider the approach adopted by management to implement the new standard. In particular we will review the approach adopted by management to ensure the completeness of lease records and the subsequent balances in the financial statements, as well as the disclosures relating to the new standard in the draft accounts. At the time of writing this report, management do not anticipate that the implementation of the standard will have a material impact on the financial statements.



"The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated." (ISA (UK) 315)

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 Chief Constable, PFCC and Group.
- 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 PFCC 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.

04 Group Audit

Group audit scope and risk assessment

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

Component	Risk of material misstatement to the group	Planned audit approach and level of response required under ISA (UK) 600 Revised	Response performed by	Risks identified	Auditor
Northamptonshire PFCC	Yes	Full scope audit performed by Grant Thornton UK LLP	Group auditor	Management override of control Valuation of land and buildings	Grant Thornton UK
Northamptonshire Chief Constable	Yes	Full scope audit performed by Grant Thornton UK LLP	Group auditor	Management override of control Valuation of the net pension liability	Grant Thornton UK

Fraud and litigation

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

05 Our approach to materiality

Our approach to materiality

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

Description	Planned audit procedures
Determination We have determined planning materiality (financial statement materiality determined at the planning stage of the audit) based on professional judgement in the context of our knowledge of the PFCC and Chief Constable, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements	• We determine planning materiality in order to: – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements – assist in establishing the scope of our audit engagement and audit tests – determine sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements
Other factors An item does not necessarily have to be large to be considered to have a material effect on the financial statements	• An item may be considered to be material by nature when it relates to instances where greater precision is required
Reassessment of materiality Our assessment of materiality is kept under review throughout the audit process	• We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality
Matters we will report to the Joint Independent Audit Committee Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to those charged with governance any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	• We report to those charged with governance any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. • In the context of the PFCC and Chief Constable, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £205k (PY £150k). • If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to those charged with governance to assist them in fulfilling their governance responsibilities.

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

Our approach to materiality

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

	Amount (£)	Qualitative factors considered
Materiality for the Group financial statements	5,600,000	Our materiality thresholds equate to approximately 2.25% of the prior year gross operating costs for the group, the PFCC and the Chief Constable, respectively. This assessment reflects the fact that the group operates in a stable, publicly funded environment, and no significant control deficiencies have been identified in the prior year or in the course of our audit planning. Whilst we calculate separate materiality levels for the group, the PFCC and the Chief Constable, we use the lowest of the three (the PFCC's materiality) as the basis for our overall financial statements audit.
Materiality for the CC financial statements	5,100,000	
Materiality for the PFCC financial statements	4,100,000	
Materiality for senior officer remuneration	40,000	Due to the public interest in senior officer remuneration disclosures, we design our procedures to detect errors in specific accounts at a lower level of precision, which we have determined to be applicable for senior officer remuneration disclosures. We will apply headline materiality of 2.25% to the total senior officer remuneration, and this will be applied at an individual officer level.

06 IT audit strategy

IT audit strategy

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

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

IT application	Audit area	Planned level IT audit assessment
Unit 4 Agresso	Financial reporting	• ITGC assessment (design effectiveness and implementation)
iTrent	Payroll	• To be determined

07 Value for Money Arrangements

Value for Money Arrangements

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

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

Financial sustainability

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

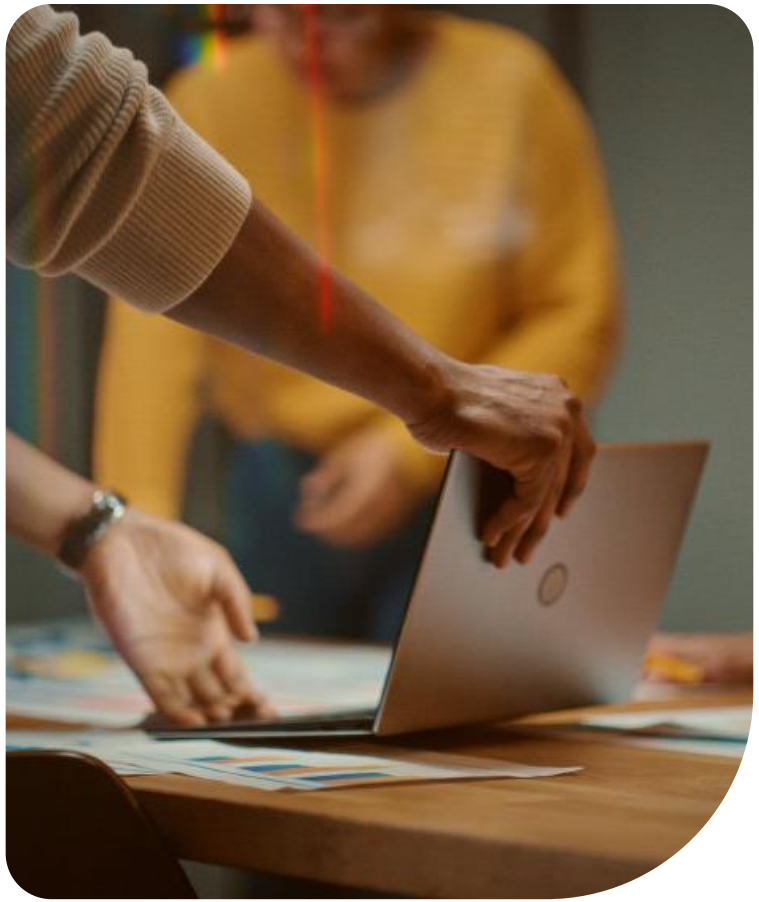
Governance

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

Improving economy, efficiency and effectiveness

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

Risks of significant VFM weaknesses



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

Potential types of recommendations

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

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

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

Risks of significant weakness in VFM arrangements (continued)

Risk assessment of the PFCC Group/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 any prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024/25. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

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

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

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

08 Logistics

Logistics

The audit timeline

Key Dates

Year end:
31 March 2025

Joint Independent Audit Committee:
3 December 2025

Sign off:
December 2025

Audit phases:

Planning and Interim
January - April

Key elements

- Planning requirements checklist to management
- Agree timetable and deliverables with management and Joint Independent Audit Committee
- Issue Audit progress report and sector update to management and Joint Independent Audit Committee
- Issue the Joint Audit Plan to management, Joint Independent Audit Committee and those charged with governance.
- Document design effectiveness of systems and processes
- Review of key judgements and estimates

Final
August - November 2025

Key elements

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

Completion
December 2025

Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Audit Findings issued to Joint Independent Audit Committee and those charged with governance
- Audit Findings presentation to Joint Independent Audit Committee
- Auditor's Annual Report
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team

Laurelin Griffiths

Engagement Lead/
Key Audit Partner

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

William Howard

Audit Manager

- Key contact for senior management and Joint Independent Audit Committee
- Overall quality assurance
- Resource management

Oyin Yemidale

Audit In-charge

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

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

09 Fees and related matters

Our fee estimate

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

Relevant professional standards

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

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023, PSAA awarded a contract of audit for the Northamptonshire Police Group to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2024/25 audit is £164,799.

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

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

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

Updated Auditing Standards

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

Company	Audit Fee for 2023/24 (£)	Proposed fee for 2024/25 (£)
Northamptonshire PFCC Group Audit	107,128	110,770
Northamptonshire Chief Constable Audit	52,252	54,029
Total (Exc. VAT)	**159,380**	**164,799**

* Note that fee variations for the 2023/24 audit remain subject to PSAA approval

Our fee estimate

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

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

Previous year

In 2023/24 the scale fee set by PSAA was £149,960. The actual fee charged for the audit was £159,380.

The opinions on the 2023/24 audits were disclaimed due to the imposition of a backstop date, and the lack of assurance over opening balances. This was due to the disclaimer opinions issued by the predecessor auditor in 2022/23. We will need to undertake further audit work in respect of the Group's closing reserves balances to start rebuilding our assurance. We will discuss the practical implications of this with you should this circumstance arise.

10 Independence considerations

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.)

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

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

We confirm that there are no significant facts or matters that impact on 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 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.

11 Communication of audit matters with those charged with governance

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	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Views about the qualitative aspects of the group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

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

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

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

12 Delivering audit quality

Delivering audit quality

Our quality strategy

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

Creating the right environment

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

Building our talent, technology and infrastructure

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

Working with premium clients

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

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

How our strategy differentiates our service

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

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

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

The right people at the right time

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

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

Digital differentiation

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

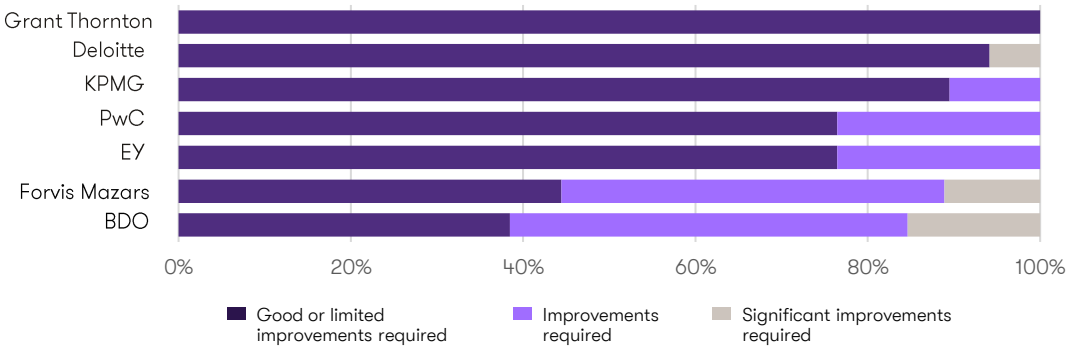
Oversight and control

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

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

Wendy Russell
Partner, UK Head of Audit

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



13 Appendices

IFRS reporters
New or revised accounting standards that are in effect

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

IFRS reporters
Future financial reporting changes

IFRS reporters future financial reporting changes

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

Amendments to IAS 21 – Lack of exchangeability

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

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

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

IFRS 18 Presentation and Disclosure in the Financial Statements

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

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

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

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