Audit Findings (ISA 260) Report for Northamptonshire Commissioner Fire and Rescue Authority

Year ended 31 March 2025

20 February 2026

Grant Thornton

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Audit Findings for Northamptonshire Commissioner Fire and Rescue Authority for the year ended 31 March 2025

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2024-.pdf (grantthornton.co.uk).

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

Laurelin Griffiths

Director
For Grant Thornton UK LLP

Chartered Accountants

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Headlines and status of the audit

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Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Northamptonshire Commissioner Fire and Rescue Authority (the 'Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements

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

- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work has been completed. We have set out the detail of the work undertaken and our findings in the body of this report.

Our findings are summarised on pages 20 to 24. We have identified one adjustment to the financial statements that has resulted in an adjustment to the Authority's Comprehensive Income and Expenditure Statement. This related to recognising depreciation and interest expense for right of use assets (£0.186m). There has been no impact on the level of the Authority's usable reserves.

Audit adjustments are detailed at page 29. We have also raised recommendations for management as a result of our audit work. These are set out at page 33. Our follow up of recommendations from the prior year's audit are detailed at page 35.

Our work is complete and there are no matters of which we are aware that would require modification of our audit opinion.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

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Headlines

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

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

Our work on the Authority's value for money (VFM) arrangements is now completed.

We did not identify any risks of significant weakness within our Audit Plan. Our work has not highlighted any new risks of significant weakness.

Our work on VFM was been reported in our Auditor's Annual Report (AAR) at the December JIAC meeting.

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Headlines

Statutory duties

The Local Audit and Accountability Act 2014 (the 'Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

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

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

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

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Headlines

National context – audit backlog

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

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and 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.

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Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for 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.

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

Introduction

IFRS 16 updates the definition of a lease to:

- "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration."

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

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

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

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

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

Impact on the Authority

Management have updated their internal controls to review existing and new leases under IFRS 16 as part of their impact assessment.

We have reviewed management's assessment of the impact of adopting IFRS 16 and note that, due to the low value and length of leases held by the Authority, this has had minimal effect on the accounts and disclosures for 2024/25.

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Materiality

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Our approach to materiality

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

	Authority	Qualitative factors considered
Materiality for the financial statements	£850k	We determined that total expenditure in year was the most appropriate benchmark. Our risk assessment led us to set materiality at approximately 2.25% of prior year gross operating expenditure. At year-end, we have reconsidered materiality based on the draft financial statements. As there have been no indications of changes to services provided or to the risk profile, and no significant increase in the operating expenditure, we have retained the materiality level that we determined at planning.
Performance materiality	£762k	Based on the internal control environment at the Authority we determined that 70% of headline materiality would be an appropriate benchmark.
Specific materiality for senior officer remuneration	£17k	We identified senior officer remuneration as a sensitive item and set a lower materiality of £17,000 for testing these items, which is approximately 2.25% of expenditure in this area.
Reporting threshold	£48k	We decided that matters below 5% of materiality were trivial.

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Overview of significant risks identified

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Overview of audit risks

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

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

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Medium	●
Valuation of land and buildings	Significant	↔	✗	High	●
Valuation of pension fund net liability	Significant	↔	✗	High	●

↑ Assessed risk increase since Audit Plan
↔ Assessed risk consistent with Audit Plan
↓ Assessed risk decrease since Audit Plan

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

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Significant risks

Risk identified	Audit procedures performed	Key observations
Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumption 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 due to fraud.	We have: • evaluated the design and implementation of management controls over journals; • analysed the journals listing and determined the criteria for selecting high risk unusual journals; • identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; and • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness.	No issues have been identified from our testing of those journals selected for testing. We have raised control recommendations in this area, which are detailed within the Action Plan.

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Significant risks

Risk identified	Audit procedures performed
Presumed risk of fraud in revenue recognition (rebutted) Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition.	It was reported in our Audit Plan that we had determined there was no significant risk of material misstatement relating to revenue recognition. We consider our rebuttal of the presumed revenue recognition risk to remain appropriate. Our work on income and debtors has not identified any issues.
The expenditure cycle includes fraudulent transactions Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.	It was reported in our Audit Plan that we had determined there was no significant risk of material misstatement arising from improper expenditure recognition. We consider our risk assessment relating to expenditure recognition to remain appropriate. Our work on expenditure and creditors has not identified any issues.

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Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of land and buildings The Authority 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 valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£36.914m as at 31 March 2025) 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 identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuer, and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; • challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding; • tested, on a sample basis, revaluations made during the year, agreeing key source data used such as floor areas and build costs to suitable independent evidence and confirming that the valuation methodology has been correctly applied; and • tested revaluations made during the year to see if they had been input correctly into the asset register.	No issues have been identified from our work in this area. Further detail is included in the key judgements and estimates on page 21.

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Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of net pension liability The Authority's share of the pension fund net liability, as reflected in its Balance Sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£222.470m in the Authority's Balance Sheet at 31 March 2025) and the sensitivity of the estimate to changes in key assumptions. 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. We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The	We have: • updated our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management experts (the actuaries for the LGPS and FFPS) for this estimate and the scope of the actuaries' work; • assessed the competence, capabilities, and objectivity of the actuaries who carried out the pension fund valuations; • assessed the accuracy and completeness of the information provided by the Authority to the actuaries to estimate the liabilities; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuaries;	Due to the LGPS being in surplus, the Authority had considered the potential impact of IFRIC 14 before audit challenge, and our work in this area did not identify any issues. We have received IAS19 assurances from the auditor of the Northamptonshire Pension Fund and these did not identify any issues. We identified disclosure issues related to the omission of asset ceiling disclosures under IFRIC 14 within notes 37.3 and 37.5. This was corrected by management. We have reported our detailed review of the estimation process in the key judgements and estimates section of this report.

(continued on next page)

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Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of net pension liability (continued) actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in the calculation. With regard to these assumptions, we have therefore identified valuation of the Authority's net pension liability as a significant risk.	• undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtained assurances from the auditor of the 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.	

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Other findings

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Other findings – key judgements and estimates

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

Assessment:
- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and buildings £36.914m (PY £37.854m)	Other land and buildings comprises of operational buildings such as fire stations, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority has engaged Wilks Head & Eve LLP to complete the valuation of properties as at 31 March 2025. All of the assets were revalued during 2024/25. In reporting a valuation for land and buildings, the valuer has considered a range of relevant sources of information. Management maintain regular dialogue with the valuer and review the valuation certificates provided and challenge where required.	We have: • documented and are satisfied with our understanding of the Authority's processes and controls over property valuations; • assessed the competence, capabilities, and objectivity of the valuation expert used by management; • determined the completeness and accuracy of the underlying information used to determine the estimate; • considered the movements in valuations of individual assets and their consistency with market data.; and • considered the risk of management bias in determining the estimate and evaluated evidence that might contradict management's assessment.	Green

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Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of LGPS net pension surplus £2.125m (PY £0.513m) IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the Balance Sheet as an asset and whether any additional liabilities are required in respect of onerous funding commitments.	The Authority's Local Government Pension Scheme net pension surplus at comprises the Northamptonshire Pension Fund obligations. The Authority uses Hymans Robertson to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in in 2022. Given the significant value of the net pension fund surplus, small changes in assumptions can result in significant valuation movements. There has been a £1.612m net actuarial gain during 2024/25.	• We are satisfied that management's expert is competent, capable and objective. • We have documented and are satisfied with our understanding of the Authority's processes and controls over pension valuations. • We have considered the completeness and accuracy of the underlying information used to determine the estimate. • We have relied on the auditor expert PwC to support our assessment of the actuary's approach and assumptions:	Green

Assumption	Actuary	PwC range	Assessment
Discount rate	5.80%	5.80% -5.85%	Reasonable
Pension increase rate	2.75%	2.70% - 2.80%	Reasonable
Salary growth	3.25%	3.25% - 5.25%	Reasonable
Life expectancy – Males currently aged 45/65	45: 21.5 65: 20.4	Note that PwC has not provided ranges for the mortality assumptions of Hymans Robertson as the actuary uses individual employer-level life expectancies. PwC has confirmed that the methodology used is reasonable.	
Life expectancy – Females currently aged 45/65	45: 25.4 65: 24.6		

We have received IAS19 assurances from the auditor of the Northamptonshire Pension Fund and these did not identify any issues.

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Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of Firefighter's Pension Scheme net pension liability £222.470m (PY 245.880m)	The Authority operates three pension schemes for firefighters, these are the 1992, 2006, and 2015 Firefighters' Pension Schemes. The Authority uses GAD to provide actuarial valuations of their Firefighters' Pension Scheme liabilities. A full actuarial valuation is required every four years. Whilst the latest full actuarial valuation was completed in 2020, the estimate of the pension liability at 31 March 2025 is based on up-to-date membership data and assumptions. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £23.410m net actuarial gain during 2024/25.	• We are satisfied that management's expert is competent, capable and objective. • We have documented and are satisfied with our understanding of the Authority's processes and controls over pension valuations. • We have considered the completeness and accuracy of the underlying information used to determine the estimate. • We have relied on the auditor expert PwC to support our assessment of the actuary's approach and assumptions:	Green

Assumption	Actuary	PwC range	Assessment
Discount rate	5.65%	5.65%	Reasonable
Pension increase rate	2.70%	2.70%	Reasonable
Salary growth	3.45%	3.20% - 5.20%	Reasonable
Life expectancy – Males currently aged 45/65	45: 22.7 65: 21.3	45: 22.7 65: 21.3	Reasonable
Life expectancy – Females currently aged 45/65	45: 22.7 65: 21.3	45: 22.7 65: 21.3	Reasonable

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Other findings – Information Technology

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

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Unit 4 Agresso	ITGC assessment (design and implementation effectiveness only)	Green	Green	Green	Green	Management override of controls

Assessment:

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

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Communication requirements and other responsibilities

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Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with management and with the Joint Independent Audit Committee. We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	Representations will be requested from management. We do not currently expect that we will be requesting any specific representations.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted and the requests were sent. All were returned with positive confirmation.
Disclosures	Our review found no material omissions in the financial statements.
Audit evidence and explanations	All information and explanations requested from management were provided.
Significant difficulties	No significant difficulties have been noted.

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Other responsibilities

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Authority and the environment in which it operates • the Authority's financial reporting framework • the Authority's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified; and • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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Other responsibilities

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. We have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Detailed work is not required as the Authority does not exceed the threshold.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2024/25 audit of Northampton Commissioner Fire and Rescue Authority in the audit report as we cannot formally conclude the audit and issue our audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the Comptroller & Auditor General. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

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Audit adjustments

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Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

We have identified one misstatement that has been adjusted by management.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on general fund £'000
Following review of Right of Use (ROU) Asset disclosures an asset was identified that had not been included in the draft accounts as ROU, but instead owned PPE. At year end this resulted in a reclassification of the asset (£308k) and lease liability (£123k). Adjustments were made to recognise the asset and liability on 1 April with equivalent movements to reserves and a charge of £186k to the CIES. The overall impact on the closing balance sheet was nil.	186	-	-
Overall impact of current year unadjusted misstatements	186	-	-

Impact of unadjusted misstatements

We have identified no misstatements that have not been adjusted by management

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Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Officers' Remuneration over £50k	One officer was noted to have been classified within the incorrect banding, disclosed within the £125,000-£129,999 band instead of £140,000-£144,999.	✓
Cash Flow Statement Proceeds from sale of assets	The full NBV of the sale of an asset held for sale has been shown within the statement under 'Proceeds from Sale of Assets' (£3.500m). This should instead represent the cash value only £3.260m) with a corresponding adjustment (£0.240m) shown within the Net cashflows from operating activities for the loss from disposal of asset held for sale.	✓
Cash Flow Statement Investments	Movements in investments were disclosed on a net basis in the draft financial statements. Per the CIPFA Code the sales and purchases of investments should be shown gross within the Statement. This also required a similar adjustment to the prior year disclosure.	✓
Expenditure and Funding Analysis	The Expenditure and Funding Analysis note should reconcile back to the opening and closing general fund balances, rather than the usable reserves, as per CIPFA Code 3.4.2.105.	✓
Pension Liabilities	Disclosure should be added to reconcile the net LGPS balance per the Balance Sheet and the amount disclosed in Note 37, demonstrating the impact of the asset ceiling. A further error was noted in the disclosure for FFPS Longevity (increase in 1 year) this was amended from 2% to 2.5%.	✓
Financial Instruments	The financial instruments note does not disclose the fair value level hierarchy as required by the CIPFA code showcasing which financial assets and liabilities are included under which level of input. Further, we identified that the disclosures for financial assets and liabilities included statutory as well as contractual items (such as Council Tax, NNDR, and VAT), which would have required exclusion from this note, and inclusion within a separate non-financial instruments note. This also required a similar adjustment to the prior year disclosure.	✓

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Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
CIES	The gains/loss on sale of non-current assets was incorrectly presented at gross level on the face of the CIES. This should be presented net, reflecting the difference between the disposal proceeds and the carrying amount.	✓
Critical Judgements and Estimation Uncertainty	From reviewing the draft critical judgements note we concluded that none of the items disclosed met the definition of IAS 1, and some of these should be re-classified as areas of estimation uncertainty. We have not identified any other potential areas of significant judgements to be disclosed.	✓
External Audit Fee	Fee variations to the value of £72,020 for the 2023/24 audit have been approved by PSAA, therefore additional fees for 2023/24 are to be updated in the notes to the accounts.	✓
Throughout	A small number of typographical and minor presentational errors have been identified throughout the financial statements.	✓
Throughout	A number of immaterial accounting policies and disclosures have been included in the financial statements. These should be removed to avoid obscuring material information within the financial statements.	✓

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Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
High	**Journal authorisation** During our detailed testing of journal transactions we identified one journal where, although the poster and approver were different individuals according to the transaction details, the poster had been asked to post the transaction by the individual who then approved it.	To ensure an appropriate segregation duties exists all journals should be approved by a member of staff who was not involved in the journal's creation.
Low	**Undisclosed Interests** Our testing on related parties identified potential undisclosed directorships for multiple individuals. Although we are satisfied no transactions have taken place with the entities, there is a risk the declarations of interest forms are not accurate and complete.	We recommend that once a year the Authority should undertake a completeness review of related parties and undertake searches on Companies House to identify undeclared directorships.

Key

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

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Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2023/24 financial statements, which resulted in five recommendations being reported in our 2023/24 Audit Findings Report. One of these recommendations has since been removed following provision of further information by management. An update on the remaining four recommendations has been set out below.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	Self-authorisation of journals We identified several journals posted and approved by the same user which contained "Z" prefix cost centres which should require approval by a different user ID. However the workflow does not differentiate between different users so although these journals went through the workflow requiring approval, there is nothing preventing the user then approving their own journals if they also have approval privilege for that cost centre. We recommend that the Authority implement a step to prevent self-approval within the System, or create a review step outside of the System if this is not possible.	The journal authorisation workflow is built to prevent self-authorisation and does differentiate between users. Management investigated this matter and ascertained that an element of the workflow was not turned on and thus that it had not been operating as intended. This has since been activated and the system now requires authorisation from two individuals if an approver instigates a journal.
X	Authorisation of journals by senior management We identified a small number of journals authorised by senior management personnel. We would not expect any journals to be input or authorised by senior management personnel. We tested every such journal identified and did not identify any issues with them. We recommend that senior management personnel do not input or authorise journals	Management have advised that senior managers are included as journal authorisers for resilience purposes and would only be asked to action workflow tasks if others were unavailable. A quarterly journal review is undertaken (by a member of staff not involved in journal entry or authorisation) which would highlight any journals authorised by senior management and backing documentation would be checked for assurance.

Assessment

✓ Action completed

X Not yet addressed

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Follow up of prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	Lack of cybersecurity frameworks The authority did not adopt any formal standard cybersecurity frameworks. The fire standards board have had a cyber security fire standard out for consultation, but this has not yet been released. We recommend that the Authority adopt a formal Cybersecurity framework.	NCFRA has now integrated a comprehensive cybersecurity framework to track against the national our digital and cybersecurity fire standards. NCFRA also follow the CAF and track with reporting within fire SLT and DDaT.
X	Understatement of accruals Within our payments made after year end testing, we identified a number of payments related to 2023/24 which were not accrued for correctly. This resulted in the understatement of accruals at 31 March 2024 and understatement of expenditure for the year ended 31 March 2024. We also identified that finance team members were not aware of the de minimis level policy. We recommend that the Authority improve their closedown processes to ensure all expenditure items related to the financial statements year are identified and correctly accounted for. Finance officers responsible for accruals should be reminded of their responsibilities in this area. We also recommend that finance staff are reminded of the de minimis policy for accruals.	Management report that training and additional guidance was provided to deliver improvements within this area of year end processing. This recommendation was re-raised in 2024/25 as can be seen on page 34 due to the continued absence of the de-minimis policy leading to issues with accrual posting.

Assessment

✓ Action completed

X Not yet addressed

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Value for Money arrangements

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Value for Money arrangements

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

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our AAR was issued in November 2025, and reported to the December meeting of the Joint Independent Audit Committee.

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

Improving economy, efficiency and effectiveness

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

Financial sustainability

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

Governance

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

As part of our work, we have considered whether there are any risks of significant weakness in the PFCC's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any areas of particular risk for this work, and we have not identified any significant weaknesses.

Our detailed commentary was set out in a separate Auditor's Annual Report, which was presented to the December 2025 JIAC meeting.

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Independence considerations

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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, and managers). In this context, there are no independence matters that we would like to report to you.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard. 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.

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

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

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person 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.

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Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to date. None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Northamptonshire Commissioner Fire and Rescue Authority. We confirm that there were no fees for the provision of non-audit services.

Audit fees	£
Scale fee	105,921
Total	105,921

The above fees are exclusive of VAT and out of pocket expenses.

The fee above agrees to the financial statements.

This covers all services provided by us and our network to the Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

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Appendices

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A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
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 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		●

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A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

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

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

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

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

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

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B. Our team and communications

Grant Thornton core team

Laurelin Griffiths
Engagement Lead/ Key Audit Partner

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

Phil Cox
Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Oyin Yemidale
Audit Senior

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

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	• Annual client service review	• The Audit Plan • The Audit Findings	• 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

As part of our overall service delivery, we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same was as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

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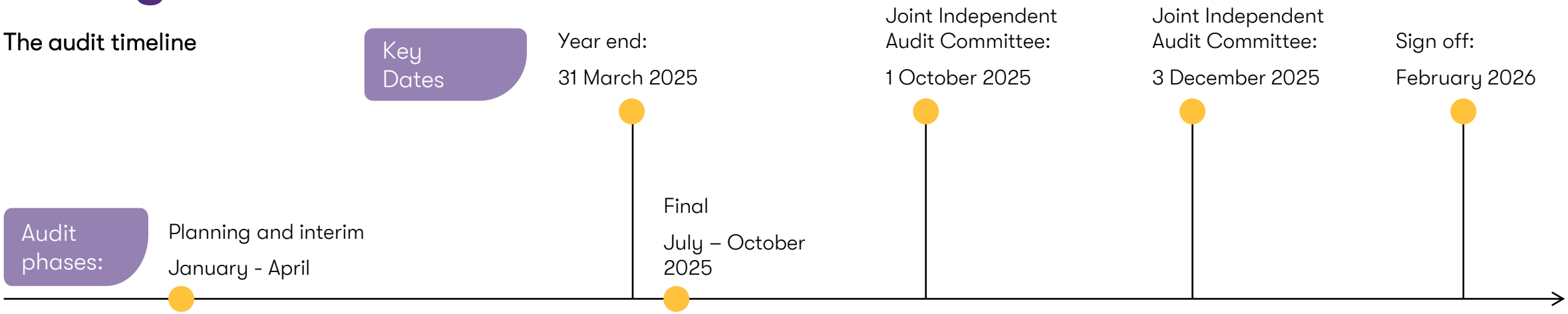
C. Logistics

The audit timeline



Key elements

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

Key elements

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

Key elements

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

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