Agenda item 7a

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

Year ending 31 March 2026

28 April 2026

Contents

Introduction and headlines

Purpose

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

Respective responsibilities

The National Audit Office (‘the NAO’) Code of Audit Practice 2024 (‘the Code’) summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Northamptonshire Police, Fire and Crime Commissioner and Chief Constable. We draw your attention to these documents.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the PFCC Group’s and Chief Constable’s financial statements that have been prepared by management with the oversight of those charged with governance; and we consider whether there are sufficient arrangements in place at the 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 the Chief Constable to ensure that proper arrangements are in place for the conduct of its 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 and Chief Constable's business and is risk based.

Introduction and headlines (continued)

Significant risks

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

- Management override of controls
- Valuation of the PFCC's land and buildings
- Valuation of the gross liability related to the Chief Constable's defined benefit pension schemes.

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

Materiality

We have determined planning materiality to be £6.2m (PY £5.6m) for the Group, £4.5m (PY £4.1m) for the PFCC, and £5.8m (PY £5.1m) for the Chief Constable, which equates to 2.5% of the prior year gross expenditure.

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.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Clearly trivial has been set at £225k (PY £205k).

Introduction and headlines (continued)

Value for Money arrangements

Our risk assessment regarding your arrangements to secure economy, efficiency and effectiveness in the use of resources identified a risk of significant weakness in governance arrangements for ensuring informed decision making, allowing for appropriate challenge, and ensuring that the bodies were meeting legislative and regulatory requirements, following a significant weakness being reported in 2024/25.

No other risks of significant weakness have been identified.

We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report.

Group Audit

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

Audit logistics

Our interim visit will take place in March and April 2026 and our final visit will take place in July until November. Our key deliverables are this Joint Audit Plan, our Joint Audit Findings Report, Joint Auditor's Annual Report and Audit Opinions.

Our proposed fee for the audit will be £115,163 (PY: £142,844) for the Group and £59,041 (PY: £61,477) for the Chief Constable, subject to the PFCC Group and Chief Constable delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

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

The Backstop

The Future of the Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

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

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

Our Work

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

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

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

Significant risks identified

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

Significant risk	Audit team's assessment	Planned audit procedures
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. **Risk Relates to** CC, PFCC & Group	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 accounting estimates, judgements and decisions made by management • evaluate the design and implementation of controls relating to journal entries • review accounting policies and any changes to those policies • undertake a risk assessment on journal entries during the year to identify those high risk and unusual transactions for detailed testing • review unusual significant 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).

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	We have identified and completed a risk assessment of all revenue streams for both the PFCC and the CC. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition for all revenue streams, because of the low fraud risk in the nature of the underlying transactions, or immaterial nature of the revenue streams both individually and collectively. Therefore, we do not consider this to be a significant risk for either the CC or the PFCC.	As we do not consider this to be a significant risk for the CC or the PFCC, standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.
The expenditure cycle includes fraudulent transactions 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 both the PFCC and the CC. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure 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 the CC or the PFCC.	As we do not consider this to be a significant risk for the CC or the PFCC, standard audit procedures will be carried out. We will keep this risk assessment under review throughout the audit to ensure this judgement remains appropriate.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of land and buildings **Risk Relates to** PFCC (& Group)	This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved 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. From 2025/26 the CIPFA Code of Practice requires indexation in the intervening years between revaluations. The PFCC will be adopting this for the first time, and applying indexation to property plant and equipment. We have therefore identified the valuations of land and buildings as a significant risk for the Authority's audit.	We will: • document our understanding management's process and controls for the calculation of the estimate • evaluate the competence, capabilities and objectivity of management's expert • evaluate the consistency of the disclosure with the valuation report • evaluate the basis on which the valuations have been carried out • evaluate the information and assumptions used by the valuer • evaluate the accounting entries for the valuation • evaluate the reasonableness of the assumptions used to form the estimate • 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; • Where assets are subject to indexation we will check the indices used and application to asset classes; and • test revaluations made during the year to see if they had been input correctly into the asset register.

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

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

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of the gross pension fund liability Risk Relates to CC (& Group)	The Chief Constable's gross pension liability, made up of both the Local Government Pension Scheme (LGPS) and Police Pension Scheme (PPS) represents a significant estimate in the financial statements. The gross pension liability is considered a significant estimate due to the size of the numbers involved 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 gross 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; • evaluate the consistency of the disclosure with the actuarial reports; • 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 pension fund auditor of the Northamptonshire Pension Fund on the underlying data shared by the fund to the actuary which has been used in the calculation of this estimate.

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 Northamptonshire PFCC Group and Chief Constable.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statements are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
  - issuing a report in the public interest or written recommendations to the 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.

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 Police, Fire and Crime Commissioner	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 gross 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.

Our approach to materiality

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

Description	Planned audit procedures
Determination We have determined planning materiality (financial statement materiality) at the planning stage of the audit based on professional judgement in the context of our knowledge of the PFCC Group and CC, including consideration of factors such as public expectations, industry developments, financial stability and reporting requirements for the financial statements.	We determine planning materiality to: • establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements • assist in establishing the scope of our audit engagement and audit tests • determine sample sizes • assist in evaluating the effect of known and likely misstatements in the financial statements.
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 (eg senior officer remuneration)
Reassessment of materiality Our assessment of materiality is kept under review throughout the audit process.	We reconsider planning materiality on receipt of the draft statement of accounts and if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

	Amount (£)	Qualitative factors considered
Materiality for the Group's financial statements	6,200,000	Our materiality thresholds equate to approximately 2.5% 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	5,800,000	
Materiality for PFCC financial statements	4,500,000	
Materiality for senior officer remuneration	47,000	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 2.5% to the total senior officer remuneration, and this will be applied at an individual officer level.

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

IT audit strategy

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

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

IT application	Audit area	Planned level IT audit assessment
Unit 4 Agresso	Financial reporting	ITGC assessment (design, implementation and operating effectiveness)
iTrent	Payroll	ITGC assessment (design, implementation and operating effectiveness)

Value for Money Arrangements

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

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the PFCC and CC have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

Financial sustainability

How the Northamptonshire PFCC and CC plan and manage their resources to ensure they can continue to deliver their services.

Governance

How the PFCC and CC ensures that they make informed decisions and properly manage their risks.

Improving economy, efficiency and effectiveness

How the PFCC and CC use information about costs and performance to improve the way they manage and deliver services.

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

Risks of significant weakness in VFM arrangements

Risk assessment of the PFCC's and CC's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	A	No significant weaknesses in arrangements identified; one improvement recommendation from the previous reporting period has been retained, to continue identifying savings and efficiencies to minimise reliance on reserves over the medium term. An additional recommendation has been raised to update the Joint Estates Strategy.	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 2024/25.

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

Risks of significant weakness in VFM arrangements (continued)

Criteria		2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Governance	R	We have identified a significant weakness in the group's governance arrangements for ensuring informed decision making, allowing for appropriate challenge, and ensuring that the bodies were meeting legislative and regulatory requirements. These weaknesses contributed to the Court of Appeal ruling – the first time a UK Chief Constable has been held in contempt of court.	At the time of our planning, we consider that the risk of significant weakness remains. We will review the progress made by the Force and OPFCC in implementing the actions agreed to address the issues and any ongoing risk.	We will review the work undertaken by the Force and OPFCC to identify and address any failings that led to the court ruling and ensure strengthened and embedded governance arrangements prevent similar issues in the future. We will undertake additional risk-based procedures focusing on the progress the Force and OPFCC has made in implementing the agreed actions arising from our Key Recommendation.
Improving economy, efficiency and effectiveness	G	No significant weaknesses in arrangements identified and no improvement recommendation 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.

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

Risks of significant VFM weaknesses

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

Potential types of recommendations

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 PFCC/Group 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

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

Logistics

The audit timeline

Key Dates

Year end: 31 March 2026

Sign off: September 2026

Audit phases:

Planning – February 2026

Key elements

- Planning meeting with management to set audit scope
- Agree timetable and deliverables with management
- Planning meeting with Joint Independent Audit Committee to discuss the Audit Plan

Interim – March-April 2026

Key elements

- Document design effectiveness of systems and processes
- Review of key judgements and estimates
- Issue the Audit Plan to management and Joint Independent Audit Committee
- Complete planned early testing

Final – July-Sep 2026

Key elements

- Audit team onsite to complete fieldwork and detailed testing
- Audit of the financial statements
- Weekly update meetings with management
- Technical review of financial statements

Completion – September 2026

Key elements

- Draft Audit Findings issued to and discussed with management
- Audit Findings presentation to Joint Independent Audit Committee and TCWG
- 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

Paul Harvey

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Zanele Masiko

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 Joint Audit Plan • Audit Progress and Sector Updates Reports • The Joint 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

Our fee estimate

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/Group and CC will:

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

Previous year

In 2024/25 the scale fee set by PSAA was £110,770 for the PFCC group and £54,029 for the Chief Constable. The actual fee charged for the audits was £204,321, which included additional fees in relation to rebuilding assurance work.

	Audit Fee for 2024/25		Proposed fee for 2025/26	
	PFCC (£)	**CC (£)**	**PFCC (£)**	**CC (£)**
Audit scale fee	110,770	54,029	100,663	55,541
Jointly Controlled Operations Fee Variation*	-	-	8,000	-
Rebuilding Assurance Fee Variation**	32,074	7,448	6,500	3,500
Total (Exc. VAT)	**142,844**	**61,477**	**115,163**	**59,041**

* PSAA have removed an element of the scale fee for 2025/26, and we will therefore be proposing a fee variation in relation to the PFCC's joint operations. The table above includes an estimate based on 2024/25 fees. We will report the final fees in our Audit Findings Report.

** As reported in the 2024/25 Audit Findings Report we estimate further fees of approximately £10,000 in 2025/26 to complete the regaining assurance work for both the PFCC Group and the Chief Constable. We will report the final fees in our Audit Findings Report.

All fee variations are subject to PSAA approval.

Our fee estimate (continued)

Relevant professional standards

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

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for Northamptonshire Police Group to begin with effect from 2023/24.The scale fee set out in the PSAA contract for the 2025/26 audit is £100,663 for the OPFCC group and £55,541 for the Chief Constable.

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

- Production of the final auditor's annual report for the previous Audit Year or opinion issued(but not before 1 December2025)
- 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.

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	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the PFCC or CC that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the PFCC or CC 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 PFCC or CC as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the PFCC or CC.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the PFCC or CC's board, 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 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.

Communication of audit matters with those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the PFCC Group and Chief Constable's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●

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

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

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

Respective responsibilities

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

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

Communication of audit matters with those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Escalation Policy

The Backstop

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

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

Escalation Process

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

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

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

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

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

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

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

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

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

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

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

Aim

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

Financial reporting changes

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

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

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

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

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

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

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for 2026/27.

IFRS 18 Presentation and Disclosure in the Financial Statements

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

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

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

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from 2027/28.