

# The Joint Audit Findings for The Police, Fire and Crime Commissioner for Cumbria and The Chief Constable of Cumbria Constabulary

Year ended 31 March 2024

26 February 2025





The Police, Fire and Crime Commissioner for Cumbria  
and Chief Constable of Cumbria Constabulary

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Dear Mr Allen and Mr Carden

## Audit Findings for The Police, Fire and Crime Commissioner for Cumbria and The Chief Constable of Cumbria Constabulary for the year ended 31 March 2024

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.

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 drive audit quality by reference to the Audit Quality Framework. 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-2023.pdf](https://www.grantthornton.co.uk/transparency-report-2023.pdf) ([grantthornton.co.uk](https://www.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.

*Michael Green*

Director  
For Grant Thornton UK LLP

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#### Chartered Accountants

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# Contents



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Section	Page
1. <a href="#">Headlines</a>	4
2. <a href="#">Financial statements</a>	7
3. <a href="#">Value for money arrangements</a>	21
4. <a href="#">Independence and ethics</a>	22
<b>Appendices</b>	
A. <a href="#">Communication of audit matters to those charged with governance</a>	25
B. <a href="#">Action plan – Audit of Financial Statements</a>	26
C. <a href="#">Follow up of prior year recommendations</a>	27
D. <a href="#">Audit Adjustments</a>	28
E. <a href="#">Fees and non-audit services</a>	32
F. <a href="#">Draft Management Letter of Representation – PFCC</a>	33
G. <a href="#">Draft Management Letter of Representation – Chief Constable</a>	35
H. <a href="#">Draft Audit opinion- PFCC</a>	37
I. <a href="#">Draft Audit opinion- Chief Constable</a>	40
J. <a href="#">Audit letter in respect of delayed VFM work</a>	43

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, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management, the PFCC and Chief Constable as those charged with governance, and the Joint Audit Committee.

*Michael Green*

Name: Michael Green

For Grant Thornton UK LLP

Date: 26 February 2025

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the PFCC and Chief Constable or all weaknesses in your internal controls. 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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# 1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of The Police, Fire and Crime Commissioner for Cumbria ('the PFCC') and The Chief Constable for Cumbria Constabulary and the preparation of the PFCC's and Chief Constable's financial statements for the year ended 31 March 2024 for those charged with governance.

## Financial Statements

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

- give a true and fair view of the financial positions of the PFCC and Chief Constable's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with each set of audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated

Our audit work was completed remotely during July-September. Our findings are summarised on pages 7 to 20. We have identified one adjustment to the financial statements of the Chief Constable that has resulted in a £4.2m adjustment to the Chief Constable Comprehensive Income and Expenditure Statement and one adjustment to the financial statements of the PFCC that has resulted in a £4.2m additional earmarked reserve. Audit adjustments are detailed in Appendix D.

We have also raised recommendations for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

Our work is complete and our audit opinion for the PFCC's financial statements (including the financial statements which consolidate the financial activities of the Chief Constable) and the Chief Constable's financial statements can be found in Appendices I and J.

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

Our financial statements audit report opinions are unmodified and were issued on 26 February 2025. Our work on the PFCC's and Chief Constable's value for money (VFM) arrangements is complete. The outcome of our VFM work is reported in our commentary on the PFCC's and Chief Constable's arrangements in our Auditor's Annual Report (AAR).

# 1. Headlines

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## Value for Money (VFM) arrangements

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

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

We have completed our VFM work and have issued our Auditor's Annual Report on 26 February 2025. A letter explaining the reasons for the delay in completing this work beyond 30 September 2024 is attached in Appendix H to this report.

As part of our work, we considered whether there were any risks of significant weakness in the PFCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified no risks at the planning stage and will continue to review this as we finalise our VfM work.

Our work on the PFCC and Chief Constable's value for money (VFM) arrangements has been reported in our commentary on the PFCC and Chief Constable's arrangements in our Auditor's Annual Report (AAR).

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## 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 are unable to certify the completion of the audit as we are awaiting final confirmation from the National Audit Office in relation to the Whole of Government Accounts. We will update management on developments in this area once confirmed.

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## Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit. There continues to be a good level of engagement from the finance team, which greatly assists with the delivery of an efficient and effective year end audit process. Without the delay in receipt of assurances from the auditor of the Local Government Pension Scheme we would expect to have been able to issue the audit opinion ahead of the 30 September deadline.

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# 1. Headlines

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## National context – audit backlog

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Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions. By the end of May 2024, Grant Thornton had signed 65% of our 2022/23 audits. This compared with 7% for other firms. We are on course to sign 80% before the local authority backstop is introduced for 2022/23. We have also made good progress with our 2023/24 audits and are pleased to present this report to you on a timely basis.

On 30 July 2024, the Minister of State for Local Government and English Devolution issued a statement which outlined the plans to lay secondary legislation to amend the Accounts and Audit (Amendment) Regulations 2015 to set a series of backstop dates for local authority audits. These Regulations will include a publication date for audited financial statements for 2023/24 by 28 February 2025. The National Audit Office Code also requires that auditors should issue their audit report in time for the relevant authority to publish its accounts by the specified date in those Regulations. Where audit work is not concluded, this will result in either a qualification or disclaimer of opinion.

We would like to thank everyone at the PFCC and Chief Constable for their support in working with us to given the national context.

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# 2. Financial Statements

## Overview of the scope of our audit

This Joint Audit Findings Report presents the observations arising from the audits that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the Joint Audit Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, 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.

## Audit approach

Our audit approach was based on a thorough understanding of the PFCC and Chief Constable's business and is risk based, and in particular included:

- An evaluation of the PFCC's and Chief Constable's internal controls environment, including their IT systems and controls;
- An evaluation of materiality considering the PFCC and Chief Constable's gross revenue expenditure;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter our Audit Plan, as communicated to you in June 2024.

## Conclusion

We have completed our audit of your financial statements and have issued an unqualified audit opinion on the financial statements of both the PFCC and the Chief Constable.

### Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. As in previous years, the financial statements were of a high standard and supported by clear and comprehensive working papers.

## 2. Financial Statements



### Our approach to materiality

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

Materiality levels remain the same as reported in our audit plan in June 2024.

We set out in this table our determination of materiality for the PFCC, Chief Constable and group.

	Group (£)	PFCC (£)	Chief Constable (£)	Qualitative factors considered
Materiality for the financial statements	4,087,000	3,415,000	3,585,000	Financial performance, focussing on the expenditure.
Performance materiality	3,066,000	2,561,000	2,688,000	Quality of working papers in prior year and client's response to audit processes.
Trivial matters	204,000	171,000	179,000	The amount below which matters would be considered trivial to the reader of the accounts.
Materiality for senior officer remuneration	39,000	39,000	39,000	Materiality has been reduced for remuneration disclosures due to the sensitive nature and public interest.

We have determined financial statement materiality based on a proportion of the gross expenditure of the group, the PFCC and the Chief Constable for the financial year. In the prior year we used the same benchmark. For our audit testing purposes we apply the lowest of these materialities, which is £3.415m (PY £3.268m), which equates to 2% of the PFCC's (PY: CC's) prior year gross expenditure for the year.





## 2. Financial Statements: Significant risks

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.

This section provides commentary on the significant audit risks communicated in the Joint Audit Plan.

Risks identified in our Audit Plan	Relates to	Commentary
<p><b>ISA (UK) 240: Presumed risk of fraud in revenue recognition</b></p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated 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 relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA (UK) 240 and the nature of the revenue streams of the PFCC and the Chief Constable, we determined that the risk of fraud arising from revenue recognition could be rebutted.</p>	<p>PFCC / Chief Constable / Group</p>	<p>As set out in our Audit Plan, we do not consider this to be a significant risk for the PFCC and Chief Constable.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams of the PFCC and the Chief Constable, we determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• for the PFCC opportunities to manipulate revenue recognition are very limited as revenue is principally grant allocations from central and local government</li> <li>• for the Chief Constable opportunities to manipulate revenue recognition are very limited as revenue is principally an intergroup transfer from the PFCC, with no cash transactions; and</li> <li>• the culture and ethical frameworks of public sector bodies, including the Chief Constable and Police, Fire and Crime Commissioner for Cumbria, mean that all forms of fraud are seen as unacceptable</li> </ul> <p>Whilst revenue and expenditure recognition was not identified as a significant risk, we have carried out procedures and detailed testing of material revenue streams to gain assurance over this area.</p> <p>We tested, on a sample basis, material revenue transactions, ensuring that it remained appropriate to rebut the presumed risk of revenue and expenditure recognition. We did not identify instances of fraudulent revenue recognition or any reason to change our assessment of the risk in this area.</p>
<p><b>Risk of fraud related to expenditure recognition - Practice Note 10</b></p> <p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition.</p> <p>Having considered the nature of the expenditure streams of each of the Chief Constable, PFCC and Group, we have determined that there is no significant risk of material misstatement arising from improper expenditure recognition</p>	<p>PFCC / Chief Constable / Group</p>	<p>Our Audit Plan confirmed that we consider that we are able to rebut the significant risk in relation to expenditure as we concluded that there is no risk of material misstatement due to fraud relating to expenditure recognition.</p> <p>As with revenue transactions, we have performed procedures to understand and test material expenditure streams. Our work in this area has not identified any matters to report to you or that would lead to a change in our risk assessment.</p>

## 2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The PFCC and Chief Constable face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatements.</p>	<p>PFCC / Chief Constable / Group</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• made enquiries of finance staff regarding their knowledge of potential instances of management override of controls;</li> <li>• evaluated the design effectiveness of managements controls over journals;</li> <li>• analysed the journals listing and determined the criteria for selecting high risk unusual journals and those falling into certain criteria determined by the audit team;</li> <li>• tested a sample of journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and</li> <li>• evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul> <p>In performing the procedures above, we identified a population of journals to test using data analytic software to analyse journal entries and to split large batch journals into smaller sets of transactions that support targeted testing based on specific risk criteria assessed by the audit team. These criteria included:</p> <ul style="list-style-type: none"> <li>• Post year-end journals</li> <li>• Material journals across the year</li> <li>• Year-end journals</li> <li>• Year-end expenditure accrual journals</li> <li>• Journals posted by senior management</li> <li>• Off ledger adjustments</li> </ul> <p>Application of these routines and supplementary procedures identified a total sample of 26 journals to test.</p> <p>As part of our review of journal procedures we continue to note that only journal lines over £50k are approved by senior management, journal lines which are less than £50k, are not approved. Our sample testing of journals, including those where journal lines were less than £50k did not identify any matters for concern with all journal lines appropriate and reasonable. Furthermore, due to recent promotion. the Group Accountant has the ability to self-approve journal lines over £50k. While the Group Accountant is aware not to do this, there are no formal controls in place to prevent this from happening. We have included a recommendation around this in Appendix B.</p> <p>Our journals testing is complete and our work did not identify any evidence of management over-ride of controls.</p> <p>We did not identify any changes in accounting policies or estimation processes and review of key estimates has not identified any matters to bring to your attention.</p>

## 2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p><b>Valuation of land and buildings</b></p> <p>The PFCC and Group revalue their land and buildings on a rolling two-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved, £63.8m as at 31 March 2024 and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management will need to ensure the carrying value in the PFCC and Group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.</p>	<p>PFCC / Chief Constable / Group</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>• evaluated the competence, capabilities and objectivity of the valuation expert;</li> <li>• 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;</li> <li>• challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding;</li> <li>• evaluated the valuer's report to identify assets that have large and unusual changes and/or approaches to the valuation – these assets have been substantively tested to ensure the valuations are reasonable;</li> <li>• tested a selection of other asset revaluations made during the year to see if they had been input correctly into the PFCC and Group asset register, revaluation reserve and Comprehensive Income and Expenditure Statement; and</li> <li>• evaluated the assumptions made by management for those assets not revalued during the year and how management had satisfied themselves that these are not materially different from current value at year end.</li> </ul> <p>Our work is complete and has not identified any issues requiring adjustments in respect of this significant risk.</p> <p>Our review of the calculations performed by the valuer showed that the valuations had been based on realistic and sound assumptions supported by appropriate evidence including floor and site plans, building rate costs and rationale for various obsolescence factors applied.</p> <p>Through our work agreeing the floor areas of the Constabulary HQ to supporting evidence, we noted that the gross internal area (GIA) of the Stable Block had decreased significantly since the previous valuation in 2021/22. We challenged the external valuer on this who confirmed that the GIA used in the 2021/22 valuation was incorrect. The error has been corrected in year in 2023/24 following the revaluation of the Constabulary HQ at 31 March 2024. It is appropriate for the error to have been corrected in the year. This means that the value of land and buildings as at 31 March 2024 is not materially misstated.</p> <p>We did not note any other variances in our agreement of floor and site areas to supporting evidence. As a result, we have gained assurance that the error is isolated.</p> <p>During the year, seven property assets had been re-categorised from 'Operational – Non-specialised' to 'Operational – specialised', meaning that the valuation method to be adopted had changed from existing use value (EUV) to depreciated replacement cost (DRC). We challenged the valuer on this who explained that assets had been re-categorised owing to a lack of sufficient comparable evidence for assets to be valued on an EUV basis. We are satisfied that this is not a change in estimate but a change in judgement on the available comparable information. Through work performed, we are satisfied that this re-categorisation is appropriate.</p> <p>Based on our audit work completed we are satisfied that the value of Property, Plant and Equipment is not materially misstated within the financial statements.</p>

## 2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p><b>Valuation of pension fund net liability/surplus</b> The Group's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£1.066 billion as at 31 March 2023 for the group) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Group's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	PFCC / Chief Constable / Group	<p>We have:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• evaluated the instructions issued by management to their management experts (Mercer and GAD) for this estimate and the scope of the actuaries' work;</li> <li>• assessed the competence, capabilities and objectivity of the actuary who carried out the group's pension fund valuation;</li> <li>• assessed the accuracy and completeness of the information provided by the group to the actuaries to estimate the liability;</li> <li>• tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and</li> <li>• undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed any additional procedures suggested within the report;</li> </ul> <p>We requested assurances from the auditor of Cumbria Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. We have now received these assurances from the pension fund auditor. The pension fund auditor did highlight some variances in their work which impacted on the Group's share of the pension fund, however, as a result of the asset ceiling under IFRIC 14, these variances did not impact on the Group's balance sheet.</p> <p>Page 14 provides a detailed assessment of the estimation process for the valuation of the pension fund net liability. The assumptions used in calculating the net pension liability/surplus of both schemes are considered to be in line with expectations and we have not identified any further issues with the estimation process.</p> <p>Based on work completed, we have not identified any matters to bring to your attention.</p>

## 2. Financial Statements: new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
<p><b>Data Improvement grant accounting treatment</b></p> <p>Cumbria police received notification from the Home Office in May 2024 that a grant of £4.2m had been awarded in respect of 2023-24 to reflect the costs incurred in delivery of the Records Management System and Data Management capabilities during the year.</p> <p>The grant award letter included a restriction that Cumbria Police would match fund activity in this area across other forces as part of their role as lead force for national policing DDaT capabilities.</p>	<p>In accounting for the grant within the draft financial statements, the revenue has been recognised in the Comprehensive Income and Expenditure Statement and a provision for £4.2m has been created in the Balance Sheet to reflect a future liability to match fund the costs incurred by other forces during 2024-25.</p> <p>We have considered the accounting treatment applied in this area as part of our audit procedures.</p>	<p>In consideration of Code guidance on accounting for grant revenue we concur with management's view that the grant award does not include conditions that must be satisfied and that it is therefore appropriate to recognise the income in full during 2023-24.</p> <p>In considering financial reporting standard and Code guidance we do not believe that the criteria for recognition of a liability by way of a provision has been met.</p> <p>As the grant award does not specify a condition that would mean the funding should be returned if Cumbria Police did not match fund expenditure incurred elsewhere, there is no constructive obligation at the year-end. Whilst it may be the intention of Cumbria Police to match fund costs incurred by other forces (subject to receipt of appropriate claims), there is no compulsion to do so which would create a relevant obligation to recognise.</p> <p>It is our view that the provision should be reversed on this basis. This would increase the reported surplus of the Chief Constable and Group. Management have agreed to adjust for this item and to create an earmarked reserve to reflect a commitment to fund relevant spend submitted from other forces. Whilst overall general fund and earmarked reserves increase as a result of the adjustment, the available unearmarked general funds available to the Chief Constable and group are not affected.</p>

## 2. Financial Statements: key judgements and estimates

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

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £63.775m	PFCC / Group	<p>Land and buildings comprise £61.3m of specialised assets such as police 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 (£2.4m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end.</p> <p>The PFCC has engaged Carigiet Cowen to complete the valuation of properties as at 31/03/2024 on a two-yearly cyclical basis. 48% of total assets were revalued during 2023/24.</p> <p>Management have considered the year end value of non-valued properties, and the potential valuation change in the assets last revalued at 31/03/2023. Management has taken steps to respond to our 2022/23 audit recommendation regarding assets not revalued and has for 2023/24 undertaken a more detailed review of land and building assets not revalued during 2023/24 as part its arrangements for preparing the financial statements. This assessment has not identified a material movement since the last valuation date of 31/03/2023. Based on review, we are satisfied that the potential valuation movement since the previous valuation date and 31/03/24 is not material.</p> <p>The total year end valuation of land and buildings was £63.8m, a net decrease of £2.5m from 2022/23 (£66.3m).</p>	<p>The PFCC's accounting policy on valuation of land and buildings is included in Note 9 to the financial statements.</p> <p><b>Key observations</b></p> <p>The values in the valuation report have been used to inform the measurement of property assets at valuation in the financial statements. We have:</p> <ul style="list-style-type: none"> <li>assessed the qualifications, skills and experience of the Valuer and determined the service to be appropriate;</li> <li>reviewed the underlying information prepared by the PFCC and supplied to the Valuer and considered it to be complete and accurate; and</li> <li>concluded that the Valuer prepared their valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates.</li> </ul> <p>Our review of the calculations performed by the valuer, demonstrated that the calculations had been based on realistic and sound assumptions supported by appropriate evidence at the time the work was completed as outlined on page 11.</p> <p>Our work identified that seven property assets had been re-categorised from 'Operational – non-specialised' to 'Operational – specialised'. This means that the valuation method adopted for these assets is depreciated replacement cost (DRC). We challenged the valuer on this matter who explained that these seven assets had been re-categorised owing to a lack of sufficient comparable evidence for assets to be valued on an existing use value (EUV) basis. As explained on page 11, we have confirmed that this is not a change in estimate but is more a change in judgement based on the available comparable information.</p> <p><b>Conclusion</b></p> <p>Based on our audit work performed, we are satisfied that the estimate of your land and buildings valuation is not materially misstated.</p>	Light purple

### Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] 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
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious



## 2. Financial Statements: key judgements and estimates









Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment																												
<p><b>LGPS Net pension liability – £0.733m</b></p> <p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.</p> <p>IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.</p>	PFCC / Chief Constable / Group	<p>The PFCC and Chief Constable's Local Government Pension Scheme net pension surplus at 31 March 2024 is nil (PY nil) for the funded benefits scheme and £0.733m (PY £0.781m) for the unfunded benefits, comprising the Cumbria Local Government Pension Scheme obligations.</p> <p>The PFCC and Chief Constable uses Mercers to provide actuarial valuations of the PFCC's and Chief Constable's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2023. Small changes in assumptions can result in significant valuation movements in the net pension liability/surplus. There has been a £7.312m net actuarial gain during 2023/24.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>Assessed management's expert</li> <li>Assessed the actuary's approach taken, detail work undertaken to confirm reasonableness of approach</li> </ul> <p>We have no concerns over the competence, capabilities and objectivity of the actuary by the Authority.</p> <p>We have used the work of PwC, as auditor's expert, to assess the actuary and assumptions made by the actuary – see below considerations of key assumptions in your pension fund valuation:</p> <table border="1"> <thead> <tr> <th>Police Pension Scheme Assumptions</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>4.90%</td> <td>4.90%</td> <td>●</td> </tr> <tr> <td>CPI inflation</td> <td>2.60%</td> <td>2.60% -2.70%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.60%</td> <td>2.60% - 2.70%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>4.10%</td> <td>3.10% -5.10%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>22.8/21.5</td> <td>22.4-23.0 20.8-21.5</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>25.7/23.9</td> <td>22.4-25.2 20.8-23.6</td> <td>●</td> </tr> </tbody> </table> <p>The assumption adopted for mortality is within range for all except the current and future female pensioners which is outside the range used by the actuary that PwC concluded is reasonable. As per the PwC conclusion, the actuary proposed to use SAPS tables and has then adjusted the SAPS tables via scaling factors to reflect each Fund's own mortality experience reviewed for the 2023 triennial funding valuation.</p> <p>We therefore compared the range in the triennial valuation to the range reported as used by Mercer for most employers in the PwC report. We are satisfied that the range used is within the range reported.</p>	Police Pension Scheme Assumptions	Actuary Value	PwC range	Assessment	Discount rate	4.90%	4.90%	●	CPI inflation	2.60%	2.60% -2.70%	●	Pension increase rate	2.60%	2.60% - 2.70%	●	Salary growth	4.10%	3.10% -5.10%	●	Life expectancy – Males currently aged 45/65	22.8/21.5	22.4-23.0 20.8-21.5	●	Life expectancy – Females currently aged 45/65	25.7/23.9	22.4-25.2 20.8-23.6	●	Light purple
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## 2. Financial Statements: key judgements and estimates





Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment																												
<b>Police Pension Scheme liability - £1.079m</b>	Chief Constable / Group	<p>The Chief Constable's Police Pension Scheme liability at 31 March 2024 is £1.079m (PY £1.065m). The Chief Constable operates three pension schemes for police officers, these are the 1987,2006 and 2015 Police Pension Schemes.</p> <p>The Chief Constable uses GAD to provide actuarial valuations of their Police Pension Scheme liabilities. A full actuarial valuation is required every four years.</p> <p>The last full actuarial valuation was completed in 2022. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investments returns.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £9.89m net actuarial gain during 2023/24.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>Assessed management's expert</li> <li>Assessed the actuary's approach taken, detail work undertaken to confirm reasonableness of approach</li> </ul> <p>We have no concerns over the competence, capabilities and objectivity of the actuary by the Authority.</p> <p>We have used the work of PWC, as auditor's expert, to assess the actuary and assumptions made by the actuary – see below considerations of key assumptions in your pension fund valuation:</p> <table border="1"> <thead> <tr> <th>Police Pension Scheme Assumptions</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>4.75%</td> <td>4.75%</td> <td>●</td> </tr> <tr> <td>CPI inflation</td> <td>2.60%</td> <td>2.60%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.60%</td> <td>2.60%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.85%</td> <td>3.10% -5.10%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>23.6/21.9</td> <td>22.9-23.6 21.3-21.9</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>25.1/23.6</td> <td>22.9-25.1 21.3-23.6</td> <td>●</td> </tr> </tbody> </table>	Police Pension Scheme Assumptions	Actuary Value	PwC range	Assessment	Discount rate	4.75%	4.75%	●	CPI inflation	2.60%	2.60%	●	Pension increase rate	2.60%	2.60%	●	Salary growth	3.85%	3.10% -5.10%	●	Life expectancy – Males currently aged 45/65	23.6/21.9	22.9-23.6 21.3-21.9	●	Life expectancy – Females currently aged 45/65	25.1/23.6	22.9-25.1 21.3-23.6	●	Light purple
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## 2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system 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	
Oracle	ITGC assessment (design and implementation effectiveness only)					N/A
Active Directory	Limited testing					N/A

### Assessment

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

## 2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
<b>Matters in relation to fraud</b>	We have previously discussed the risk of fraud with the Joint Audit Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
<b>Matters in relation to related parties</b>	We are not aware of any related parties or related party transactions which have not been disclosed.
<b>Matters in relation to laws and regulations</b>	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.
<b>Written representations</b>	Letters of representation have been requested from both the PFCC and the Chief Constable.
<b>Confirmation requests from third parties</b>	We requested from management permission to send confirmation requests to confirm cash and investments. This permission was granted and the requests were sent. All of these requests were returned with positive confirmations.
<b>Accounting practices</b>	We have evaluated the appropriateness of the PFCC's and Chief Constable's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
<b>Audit evidence and explanations/ significant difficulties</b>	All information and explanations requested from management were provided.

## 2. Financial Statements: other communication requirements



### Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). 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.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>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</li> <li>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 PFCC's and Chief Constable's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.</li> </ul> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the PFCC and Chief Constable meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>the nature of the PFCC and Chief Constable and the environment in which they operate</li> <li>the PFCC's and Chief Constable's financial reporting framework</li> <li>the PFCC's and Chief Constable's system of internal control for identifying events or conditions relevant to going concern</li> <li>management's going concern assessment.</li> </ul> <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>a material uncertainty related to going concern has not been identified for either the PFCC or the Chief Constable</li> <li>management's use of the going concern basis of accounting in the preparation of both sets of financial statements is appropriate.</li> </ul>

## 2. Financial Statements: other responsibilities under the Code

Issue	Commentary
<b>Other information</b>	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statements and Narrative Reports, are materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our work on Other Information is complete. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix H and Appendix I.</p>
<b>Matters on which we report by exception</b>	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance Statements 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,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es.</li> </ul> <p>We have nothing to report on these matters.</p>
<b>Specified procedures for Whole of Government Accounts</b>	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA audit instructions. However, in the case of the PFCC and Chief Constable, no work is required as the group does not exceed the group reporting threshold of £2 billion as determined by the NAO.</p>
<b>Certification of the closure of the audit</b>	<p>We are unable to certify the completion of the audit as we are awaiting final confirmation from the National Audit Office in relation to the Whole of Government Accounts. We will update management on developments in this area once confirmed.</p>



# 3. Value for Money arrangements (VFM)

## Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



### Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



### Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)



### Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



### Statutory recommendation

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



### Key recommendation

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



### Improvement recommendation

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

We have completed all of our VFM work and are in a position to issue our Auditor's Annual Report. We issued our Auditor's Annual Report on 26 February 2025. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the PFCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any such risks or findings that would impact the audit opinion on the accounts.

# 5. Independence and ethics

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

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

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are in Appendix E.

## Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

## Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the PFCC and Chief Constable. No non-audit services were identified.

# 5. Independence and ethics

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

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Group 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 Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Group.
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 Group's board, senior management or staff.

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 [and network firms] have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

# Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Draft Management Letter of Representation – PFCC
- G. Draft Management Letter of Representation – Chief Constable
- H. Draft Audit opinion – PFCC
- I. Draft Audit opinion - Chief Constable
- J. Audit letter in respect of delayed VFM work

# A. Communication of audit matters to those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud.	•	•
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
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, we are also required to distribute our findings to 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 all those charged with governance.

# B. Action Plan– Audit of Financial Statements

We have identified 2 recommendations for the PFCC and Chief Constable as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2024/25 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	<p><b>Journals</b></p> <p>Due to recent promotion, the Group Accountant has the ability to self-approve journal lines over £50k. While the Group Accountant is aware not to do this, there are no formal controls in place to prevent this from happening.</p>	<p>Management should implement formal controls to either prevent Group Accountant from self-authorising journal lines over £50k or to ensure these journals are reviewed by the CFO.</p> <p><b>Management response</b></p> <p>All other members of the Financial Services Team (in approval group 1) have the ability to approve their own journals providing there are no individual journal lines that exceed £50,000. For journals with lines over £50,000, there is a workflow within Oracle Fusion which routes these journals to one of the 3 individuals that can approve larger journals (approval group 2), these 3 approvers are Lorraine Holme Group Accountant, Steven Tickner PFCC CFO and myself. Steven does not have permissions to input journals and as such does not present a risk. Whilst I do have GL access so in theory I could post a journal, I do not do any journals so this is not an issue. Lorraine however is required to do journals as part of her work on statutory accounts and in relation to capital accounting. As part of the higher approval group, Lorraine is not able to approve her own journals under £50k, but could, in theory, approve journals over £50k but is aware that she should not do this. Having said this, there were no instances where Lorraine approved her own journals, she simply asks one of the others (in the appropriate approval group) to approve the journal for her.</p> <p>There are two potential solutions to this action point, firstly we could remove the journal input permission from Lorraine, this is not ideal as she would instead have to prepare the journals and ask someone else (a more junior member of the team) to input it for her. This to me provides a greater risk.</p> <p>My preferred solution would be to ensure that Lorraine continues not to approve her own journals and at the end of each month a report is prepared showing all Lorraine's journals and who has authorised each. These reports will be signed off by ST or myself and will be retained as part of the audit file.</p> <p>Michelle Bellis, Constabulary CFO</p>
High	<p><b>Valuation of land and buildings – Gross Internal Area (GIA)</b></p> <p>Through our work agreeing the floor areas of the Constabulary HQ to supporting evidence, we noted that the GIA of the Stable Block had decreased significantly since the previous valuation in 2021/22. We challenged the external valuer on this who confirmed that the GIA used in the 2021/22 valuation was incorrect. The error has been corrected in year in 2023/24 following the revaluation of the Constabulary HQ at 31 March 2024.</p>	<p>Management should ensure that floor areas used in valuations are correct to ensure that buildings are correctly valued.</p> <p><b>Management response</b></p> <p>A review of the estates information system commenced in July 2024; this will set out a recommendation for replacement. As part of this the asset drawing database will be reviewed and updated accordingly. This will improve accuracy of the database and the information provided to the valuer.</p> <p>In addition, work is underway on the securing an asset information post to the estates team whose duties would include the management of the asset drawing database.</p> <p>As part of the valuer's appointment, they are required to take check measurements by physically surveying the building. This is set out in the client terms of appointment and specification provided to the valuer. These measurements are compared against the drawing database and any anomalies highlighted to the estates team so the measurements can be checked, and the records updated.</p> <p>Phil Robinson – Head of Estates</p>

## Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice



# C. Follow up of prior year recommendations

We identified the following issues in the audit of the PFCC and Chief Constable's 2022/23 financial statements, which resulted in four recommendations being reported in our 2022/23 Audit Findings report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><b>Assets not revalued</b> Management had not undertaken a detailed review of land and building assets not revalued during 2022/23 as part of its arrangements for preparing the financial statements to ensure they remained materially stated. We recommended that as part of the process for preparing the financial statements, management should undertake a detailed review of assets which have not been revalued to ensure that they remain materially stated.</p>	<p>Management revised the letter of instructions to the valuer which now clearly sets out the expectation for the valuation exercise and desktop review of out of scope assets. During the valuation process the OPFCC Head of Estates (Phil Robinson), the Valuer (Mike Beales), CFO (Michelle Bellis) and Group Accountant (Lorraine Holme) met to discuss the valuations and implications.</p>
✓	<p><b>IFRIC14 Pensions</b> From discussions with actuarial firms as part of the 2022/23 audit, it was understood that the application of IFRIC14 was not within their normal scope of work. As such, unless they are instructed otherwise by the employer, they will produce IAS19 disclosures assuming there are no IFRIC14 adjustments to any surplus or deficit. This means there is a risk that material adjustments are not factored into the IAS19 disclosures. We recommended that management instruct their actuary to calculate any potential asset ceiling under IFRIC14 where pension schemes are in surplus to ensure they are reflected in their IAS19 calculations.</p>	<p>In relation to LGPS, the situation arose again and an asset ceiling was applied in respect of the 'funded benefits'. All information was provided to the scheme actuary to enable the calculations to be made and disclosure notes provided.</p>
✓	<p><b>Reserve movements</b> There had been no adjustment for the difference between fair value depreciation and historical cost depreciation between: - Revaluation reserve - The capital adjustment account  We recommended that there should ensure that the difference between fair value depreciation and historic cost depreciation is adjusted for.</p>	<p>As part of the 2023/24 year-end closedown process, the difference in the fair value depreciation and historic cost depreciation was revisited . The difference between the fair value and historic cost depreciated was calculated as part of the year end process and found to be £333k, the required accounting entries were included for this and the adjustment between the CAA and RR can be seen in notes 20a and 20b to the SoA.</p>
✓	<p><b>Related Parties</b> Review of the arrangements to support the related party disclosures within note 21 of the 2022/23 accounts identified some discrepancies between the working papers provided and the individual related party declarations. We identified the need to ensure that declarations made are accurately reflected in the related party disclosure note.  We recommended the need to ensure that declarations made are accurately reflected in the related party disclosure note.</p>	<p>Management confirmed that an additional level of quality assurance was implemented within the financial services team to ensure that disclosures made on individual forms are correctly recorded on the working papers provided to the audit team. An additional step has been added to the 2023/24 process which will see a second team member check that all the data has been entered correctly into the summary of responses spreadsheet.</p>

## Assessment

- ✓ Action completed
- X Not yet addressed

# D. Audit Adjustments- PFCC/Group

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

There are no adjustments to report.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on reserves £'000
<b>PFCC</b>				
Additional earmarked reserve in respect of DdaT funding due to be paid over to other forces on submission of claims for relevant expenditure.				
		4,200		
General fund		(4,200)		
Earmarked reserve				-
<b>Group (adjustment in CC page 30)</b>				
Reversal of provision in respect of DdaT funding due to be paid over to other forces on submission of claims for relevant expenditure.				
	(4,200)		(4,200)	(4,200)
Net cost of services				
Provisions		4,200		
<b>Overall impact</b>	<b>(4,200)</b>	<b>4,200</b>	<b>(4,200)</b>	<b>(4,200)</b>

## 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/issue/Omission	Auditor recommendations	Adjusted?
<b>Typographical changes</b>	Accounts to be updated.	✓
A small number of typographical and consistency changes were made to the statements.		
<b>Pension disclosures</b>	Accounts not required to be updated given immaterial changes.	✗
Following the LGPS IAS 19 re-run, there were a small number of disclosure changes.		

# D. Audit Adjustments – PFCC/Group



## Impact of unadjusted misstatements

There are no unadjusted misstatements to report.

## Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2022/23 financial statements. We have considered these misstatements alongside the misstatements identified above and are satisfied that the prior period impact is immaterial to the financial statements, meaning a prior period adjustment is not required. We are satisfied that these issues are not carried forward to the closing balances at 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Reason for not adjusting
<b>Difference between fair value depreciation and historical cost depreciation</b>	Nil		Not material
There had been no adjustment for the difference between fair value depreciation and historical cost depreciation between the:			
- revaluation reserve		457	
- the capital adjustment account.		(457)	
<b>Overall impact</b>	<b>Nil</b>	<b>Nil</b>	

# D. Audit Adjustments- Chief Constable

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024.

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

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on total net expenditure £'000	Impact on reserves £'000
Reversal of provision in respect of DdaT funding due to be paid over to other forces on submission of claims for relevant expenditure.	Net cost of services (4,200)	Provisions 4,200	(4,200)	(4,200)
An additional earmarked reserve has been created in PFCC/group accounts in relation to this adjustment.				
<b>Overall impact</b>	<b>(4,200)</b>	<b>4,200</b>	<b>(4,200)</b>	<b>(4,200)</b>

## 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/issue/Omission	Auditor recommendations	Adjusted?
<b>Pension disclosures - PPS</b> We noted the key financial assumptions disclosed for the PPS in 23/24 draft accounts do not agree to the GAD actuarial report. These include assumptions on inflation, increase in salaries, pensions, rate of revaluation for CARE and discounting.	Accounts to be updated.	✓
Following the LGPS IAS 19 re-run, there were a small number of disclosure changes.	Accounts not required to be updated given immaterial changes.	✗
<b>Typographical changes</b> A small number of typographical and consistency changes were made to the statements.	Accounts to be updated.	✓

# D. Audit Adjustments – Chief Constable



## Impact of unadjusted misstatements

There are no unadjusted misstatements to report.

## Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2022/23 financial statements. We have considered these misstatements alongside the misstatements identified above and are satisfied that the prior period impact is immaterial to the financial statements and addressed through the 2023-24 IAS 19 entries, meaning a prior period adjustment is not required. We are satisfied that these issues are not carried forward to the closing balances at 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Reason for not adjusting
<b>Pensions – actuarial IAS 19 asset valuations</b> The PFCC and CC were informed by Cumbria Pension Fund after the financial statements had been prepared that the figures provided for Local Government Pension Scheme (LGPS) asset values in the actuary report had been incorrect. The overall impact would be on the actuarial gain/loss on the pension asset/liability going through the Group Comprehensive Income and Expenditure Statement and a compensating adjustment to the Police Pensions reserve in the Statement of Financial Position.	861	861	Not material
<b>Overall impact</b>	<b>£861</b>	<b>£861</b>	

## E. Fees and non-audit services

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non-audit services. There have been no proposed changes to the fee as communicated in our Audit Plan in April 2024.

<b>Audit fees</b>	<b>PFCC</b>	<b>Chief Constable</b>	<b>Total</b>
Scale fee	£88,661	£48,413	£137,074
ISA 315	£4,079	£2,196	£6,275
Additional IT related procedures for Oracle ledger (including use of FastPath software)	£3,500	£1,500	£5,000
<b>Total audit fees (excluding VAT)</b>	<b>£96,240</b>	<b>£52,109</b>	<b>£148,349</b>

The fees do not reconcile to the financial statements. We have provided a reconciliation below:

- fees per financial statements £152k
- reconciling item (over accrual) (£4k)
- total fees per above £148k

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

This covers all services provided by us and our network to the group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard [ES 1.69])



# F. Draft Management Letter of Representation – PFCC

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Mr Michael Green  
Director

Grant Thornton UK LLP  
Landmark, St Peter's Square,  
1 Oxford Street  
Manchester M1 4PB

[Date] – (TO BE DATED SAME DATE AS DATE OF AUDIT OPINION)

Dear Grant Thornton UK LLP

**The Police, Fire and Crime Commissioner for Cumbria  
Financial Statements for the year ended 31 March 2024**

This representation letter is provided in connection with the audit of the financial statements of The Police, Fire and Crime Commissioner for Cumbria (the 'Police, Fire and Crime Commissioner') and its subsidiary undertaking, the Chief Constable of Cumbria Constabulary for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the group and Police, Fire and Crime Commissioner financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

## Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and Police, Fire and Crime Commissioner's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Police, Fire and Crime Commissioner and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Police, Fire and Crime Commissioner has complied with all aspects of contractual agreements that could have a material effect on the group and Police, Fire and Crime Commissioner financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of the net pension liability and the valuation of land and buildings. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting

estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the group and Police, Fire and Crime Commissioner financial statements:
  - a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of the group and Police, Fire and Crime Commissioner has been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Police, Fire and Crime Commissioner financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached schedule. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Group and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We have updated our going concern assessment. We continue to believe that the group and Police, Fire and Crime Commissioner's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
  - a. the nature of the group and Police, Fire and Crime Commissioner means that, notwithstanding any intention to cease the group and Police, Fire and Crime Commissioner operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
  - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
  - c. the group and Police, Fire and Crime Commissioner's system of internal control has not identified any events or conditions relevant to going concern.

# F. Draft Management Letter of Representation – PFCC

We believe that no further disclosures relating to the group and Police, Fire and Crime Commissioner's ability to continue as a going concern need to be made in the financial statements

- xv. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.
- xvi. The group and Police, Fire and Crime Commissioner has complied with all aspects of ring-fenced grants that could have a material effect on the group and Police, Fire and Crime Commissioner's financial statements in the event of non-compliance.

**Information Provided**

- xvii. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the group and Police, Fire and Crime Commissioner's financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. access to persons within the Police, Fire and Crime Commissioner via remote arrangements, from whom you determined it necessary to obtain audit evidence.
- xviii. We have communicated to you all deficiencies in internal control of which management is aware.
- xix. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xx. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxi. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Police, Fire and Crime Commissioner, and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xxii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxiii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiv. We have disclosed to you the identity of the group and Police, Fire and Crime Commissioner's related parties and all the related party relationships and transactions of which we are aware.
- xxv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**Annual Governance Statement**

- xxvi. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Police, Fire and Crime Commissioner's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**Narrative Report**

- xxvii. The disclosures within the Narrative Report fairly reflect our understanding of the group and Police, Fire and Crime Commissioner's financial and operating performance over the period covered by the financial statements.

**Approval**

The approval of this letter of representation was minuted by the Police, Fire and Crime Commissioner's Joint Audit Committee at its meeting on 25 September 2024.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

**Signed on behalf of the Police, Fire and Crime Commissioner**

# G. Draft Management Letter of Representation – Chief Constable

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Mr Michael Green  
Director

Grant Thornton UK LLP  
Landmark, St Peter's Square,  
1 Oxford Street  
Manchester M1 4PB

[Date] – [TO BE DATED SAME DATE AS DATE OF AUDIT OPINION]

Dear Grant Thornton UK LLP

**The Chief Constable of Cumbria Constabulary  
Financial Statements for the year ended 31 March 2024**

This representation letter is provided in connection with the audit of the financial statements The Chief Constable of Cumbria Constabulary (the 'Chief Constable') for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the Chief Constable financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

## Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Chief Constable's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"); in particular, the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Chief Constable and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Chief Constable has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of the net pension liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of the Chief Constable has been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Chief Constable's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached schedule. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Chief Constable and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We have updated our going concern assessment. We continue to believe that the Chief Constable's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
  - a. the nature of the Chief Constable means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
  - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
  - c. the Chief Constable's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Chief Constable's ability to continue as a going concern need to be made in the financial statements
- xv. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.
- xvi. The Chief Constable has complied with all aspects of ring-fenced grants that could have a material effect on the Chief Constable's financial statements in the event of non-compliance.

# G. Draft Management Letter of Representation – Chief Constable

**Information Provided**

- xvii. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the Chief Constable’s financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. access to persons within the Chief Constable via remote arrangements from whom you determined it necessary to obtain audit evidence.
- xviii. We have communicated to you all deficiencies in internal control of which management is aware.
- xix. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xx. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxi. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Chief Constable and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xxii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxiii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiv. We have disclosed to you the identity of the Chief Constable’s related parties and all the related party relationships and transactions of which we are aware.
- xxv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**Annual Governance Statement**

- xxvi. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Chief Constable’s risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**Narrative Report**

- xxvii. The disclosures within the Narrative Report fairly reflect our understanding of the Chief Constable’s financial and operating performance over the period covered by the Chief Constable’s financial statements.

**Approval**

The approval of this letter of representation was minuted by the Chief Constable’s Joint Audit Committee at its meeting on 25<sup>th</sup> September 2024.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

**Signed on behalf of the Chief Constable**



# H. Draft Audit opinion - PFCC

## Independent auditor's report to the Police, Fire and Crime Commissioner for Cumbria

### Report on the audit of the financial statements

#### Opinion on financial statements

We have audited the financial statements of the Police, Fire and Crime Commissioner for Cumbria (the 'Police, Fire and Crime Commissioner') and its subsidiary the Chief Constable (the 'group') for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the police pension fund financial statements comprising the Police Officer Pension Fund Account, Net Assets Statement and notes to the financial statements. The notes to the financial statements include the Notes to the Accounts, Annex A – Statement of Accounting Policies, Annex B – Technical Annex – Financial Instruments Disclosures and Annex C – Technical Annex – Pensions Disclosures. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Police, Fire and Crime Commissioner as at 31 March 2024 and of the group's expenditure and income and the Police, Fire and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Police, Fire and Crime Commissioner and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Police, Fire and Crime Commissioner and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Police, Fire and Crime Commissioner and the group to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Police, Fire and Crime Commissioner and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Police, Fire and Crime Commissioner and the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern

to public sector entities. We assessed the reasonableness of the basis of preparation used by the Police, Fire and Crime Commissioner and group and the Police, Fire and Crime Commissioner and group's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police, Fire and Crime Commissioner and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

#### Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Police, Fire and Crime Commissioner under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

# H. Draft Audit opinion - PFCC

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 ~~in the course of~~ or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, ~~in the course of~~ or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

## Responsibilities of the Police, Fire and Crime Commissioner and the Chief Finance Officer

As explained more fully in the Responsibilities for the Statement of Accounts set out on page 29, the Police, Fire and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police, Fire and Crime Commissioner's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Police, Fire and Crime Commissioner and the group without the transfer of its services to another public sector entity.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements ~~as a whole~~ are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken ~~on~~ the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures ~~are capable of detecting~~ irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Police, Fire and Crime Commissioner and the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

In addition, we concluded that there are certain significant laws and regulations that may ~~have an effect~~ on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to [include relevant details for your audit, e.g. health and safety, employee matters, and data protection].

We enquired of management and the Police, Fire and Crime Commissioner concerning the Police, Fire and Crime Commissioner and group's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Police, Fire and Crime Commissioner whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Police, Fire and Crime Commissioner and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's

incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journal entries that could be used to manipulate the Police, Fire and Crime Commissioner's financial performance for the year, along with potential management bias in determining accounting estimates for the valuation of land and buildings and the net pension liability. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on non-routine transactions and journals falling within identified risk criteria including: post year-end journals, material journals across the year, year-end journals, year-end income and expenditure accrual journals, journals posted by senior management and off ledger adjustments,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of land and buildings and the net pension liability, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including [add details of risks]. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the police sector
- understanding of the legal and regulatory requirements specific to the Police, Fire and Crime Commissioner and group including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA/LASAAC and SOLACE
  - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Police, Fire and Crime Commissioner and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Police, Fire and Crime Commissioner and group's control environment, including the policies and procedures implemented by the Police, Fire and Crime Commissioner and group to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# H. Draft Audit opinion - PFCC

## Report on other legal and regulatory requirements – the Police, Fire and Crime Commissioner’s arrangements for securing economy, efficiency and effectiveness in its use of resources

### Matter on which we are required to report by exception – the Police, Fire and Crime Commissioner’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Police, Fire and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

Our work on the Police, Fire and Crime Commissioner’s arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Police, Fire and Crime Commissioner’s arrangements in our Auditor’s Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor’s report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2024.

### Responsibilities of the Police, Fire and Crime Commissioner.

The Police, Fire and Crime Commissioner is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### Auditor’s responsibilities for the review of the Police, Fire and Crime Commissioner’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Police, Fire and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police, Fire and Crime Commissioner’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Police, Fire and Crime Commissioner plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Police, Fire and Crime Commissioner ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Police, Fire and Crime Commissioner uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Police, Fire and Crime Commissioner has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

## Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for the Police, Fire and Crime Commissioner for Cumbria for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Police, Fire and Crime Commissioner for the year ended 31 March 2024; and
- our work on the Police, Fire and Crime Commissioner’s arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

### Use of our report

This report is made solely to the Police, Fire and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Police, Fire and Crime Commissioner those matters we are required to state to the Police, Fire and Crime Commissioner in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police, Fire and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

Signature: *To be signed*

Michael Green, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

Date: *To be dated*



# I. Draft Audit opinion - Chief Constable

## Independent auditor's report to the Chief Constable of Cumbria Constabulary

### Report on the audit of the financial statements

#### Opinion on financial statements

We have audited the financial statements of the Chief Constable of Cumbria Constabulary (the 'Chief Constable') for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the police pension fund financial statements comprising the Police Officer Pension Fund Account, Net Assets Statement and notes to the financial statements. The notes to the financial statements include the Notes to the Accounts, Annex A – Statement of Accounting Policies, Annex B – Technical Annex – Financial Instruments and Annex C – Technical Annex – Pension Disclosures. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Chief Constable's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Chief Constable to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Chief Constable's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Chief Constable. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Chief Constable and the Chief Constable's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

#### Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

# I. Draft Audit opinion - Chief Constable

We have nothing to report in respect of the above matters.

## Responsibilities of the Chief Constable and the Chief Finance Officer

As explained more fully in the Responsibilities for the Statement of Accounts set out on page 20, the Chief Constable is required to ~~make arrangements~~ for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Chief Constable without the transfer of its services to another public sector entity.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chief Constable and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to (include relevant details for your audit, e.g. health and safety, employee matters, and data protection).

We enquired of management and the Chief Constable concerning the Chief Constable's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Chief Constable whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Chief Constable's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation journal entries that could be used to manipulate the Authority's financial performance for the year, along with potential management bias in determining accounting estimates for the net pension liability.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on non-routine transactions and journals falling within identified risk criteria including: post year-end journals, material journals across the year, year-end journals, year-end income and expenditure accrual journals, journals posted by senior management and off ledger adjustments,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of land and buildings and the net pension liability, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including [add details of risks]. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the police sector
- understanding of the legal and regulatory requirements specific to the Chief Constable including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA/LASAAC and SOLACE
  - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Chief Constable's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Chief Constable's control environment, including the policies and procedures implemented by the Chief Constable to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# I. Draft Audit opinion - Chief Constable

## Report on other legal and regulatory requirements – the Chief Constable’s arrangements for securing economy, efficiency and effectiveness in its use of resources

### Matter on which we are required to report by exception – the Chief Constable’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

Our work on the Chief Constable’s arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Chief Constable’s arrangements in our Auditor’s Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor’s report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2024. .

### Responsibilities of the Chief Constable

The Chief Constable is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### Auditor’s responsibilities for the review of the Chief Constable’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Chief Constable plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Chief Constable ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Chief Constable uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Chief Constable has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

## Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for the Chief Constable of Cumbria Constabulary for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2024. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

### Use of our report

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

Signature: *To be signed*

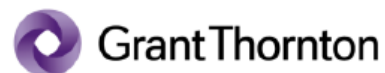
Michael Green, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

Date: *To be dated*

# J. Audit letter in respect of delayed VFM work



The Police, Fire and Crime Commissioner for Cumbria and Chief  
Constable of Cumbria Constabulary  
Carleton Hall  
Penrith  
CA10 2AU

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Grant Thornton UK LLP  
Landmark  
St Peter's Square  
1 Oxford Street  
Manchester  
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T +44 (0)161 953 6382

12 September 2024

Dear Mr Allen and Mr Carden

The original expectation under the approach to Value For Money (VFM) arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than 28 February 2025.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

*Michael Green*

Michael Green  
Director



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