The Joint Audit Findings (ISA 260) Report for the Police and Crime Commissioner for Lancashire and the Chief Constable of Lancashire Constabulary

Year ended 31 March 2025

18 December 2025

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Joint Audit Findings for the Police and Crime Commissioner for Lancashire and the Chief Constable of Lancashire Constabulary

for the year ended 31 March 2025

This Joint Audit Findings Report presents the observations arising from the audit that are significant to yourselves as 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 manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2024-.pdf (grantthornton.co.uk).

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

Michael Green

Director

For Grant Thornton UK LLP

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Headlines and status of the audit

Headlines

This table summarises the key findings and other matters arising from the statutory audits of the Police and Crime Commissioner for Lancashire (the 'PCC') and the Chief Constable of Lancashire Constabulary and the preparation of the PCC's and Chief Constable's financial statements for the year ended 31 March 2025 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 position of the PCC, the PCC Group and the Chief Constable, and of their 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 whether this information appears to be materially misstated.

Our audit work was completed remotely during September-December. Our findings are summarised on pages 12 to 28.

We have identified no material adjustments to the financial statements of the PCC and Chief Constable, however several disclosure adjustments have been identified.

We have identified two unadjusted adjustments to the financial statements of the PCC that would result in a £1.108m adjustment to the PCC and Group's Comprehensive Income and Expenditure Statement and a £1.108m adjustment to the PCC and Group's balance sheet. Several disclosure adjustments have also been identified. These audit adjustments are detailed on pages 33-37.

We have also raised recommendations for management as a result of our audit work. These are set out on pages 38 to 47. Our follow up of recommendations from the prior year's audit is detailed on pages 48 to 51.

Our work is now complete and there are no matters of which we are aware that would require modification of our audit opinion for the PCC's financial statements (including the financial statements which consolidate the financial activities of the Chief Constable) or the Chief Constable's financial statements (Appendix D) or material changes to the financial statements.

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.

We issued unmodified audit reports for the PCC and Group and Chief Constable's financial statements on 18 December 2025.

Headlines

Value for money (VFM) arrangements

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

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

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

We have completed our VFM work, which is summarised on page 53, and our detailed commentary is set out in the separate Joint Auditor's Annual Report, which is presented alongside this report. We are satisfied that the PCC and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

Headlines

Statutory duties

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

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

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

We have completed the majority of work required under the Code. However we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has not been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code.

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

Significant matters

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

Headlines

Implementation of IFRS 16

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

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

Introduction

IFRS 16 updates the definition of a lease to:

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

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

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

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

This is a change from the previous requirements under IAS17 where operating leases were charged to expenditure.

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

Impact on the PCC, Chief Constable, and group accounts

- The implementation of IFRS 16 did not have a financially material impact upon the draft financial statements, based on management's assessment.
- Management incorporated additional accounting policies and disclosures to account for the new standard.
- Application of judgment and estimation was necessary to determine the appropriate amounts to be reflected.
- Related internal controls required updating to reflect changes in accounting policies and processes
- Management have systems in place to capture the process and maintain new lease data and for ongoing maintenance
- Management processed opening balance adjustments to apply the new accounting for what were operating leases under IAS 17
- Management identified peppercorn rentals and recognised these as leases under IFRS 16
- See page 20 for our full assessment of the implementation of IFRS 16.

Materiality

Our approach to materiality

As communicated in our Audit Plan dated 29 May 2025, we determined materiality at the planning stage as £10.9m for the group accounts and £9.5m for the single entity accounts based on 2% of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft consolidated financial statements. We have determined to maintain the materiality levels set at the planning stage for the final 2024/25 audit.

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

Basis for our determination of materiality

- We have determined financial statement materiality based on a proportion of the gross expenditure of the group, the PCC and the Chief Constable for the financial year. In the prior year we used a lower benchmark of 1.5%. For our audit testing purposes we apply the lowest of these materiality levels, which is £9.5m (PY £7.1m), which equates to 2% of the PCC's prior year gross expenditure for the year.
- Materiality levels remain the same as reported in our audit plan on 29 May 2025.

Performance materiality

We have determined component performance materialities to be set at between £7.5m and £6.65m. For our audit testing we have applied the lowest of these, which is £6.65m, equating to 70% of the PCC's financial statements materiality.

Specific materiality

We have determined a lower specific material and performance materiality for senior officer remuneration disclosures, at £31.7k and £23.8k respectively. This is slightly reduced from the level of £34k communicated in our audit plan, and is based on 2% of the total senior officer remuneration included in the 24/25 draft financial statements.

Reporting threshold

We report to you all misstatements identified in excess of £0.475m, in addition to any matters considered to be qualitatively material.

Our approach to materiality

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

	Group (£)	PCC and Chief Constable single accounts (£)	Qualitative factors considered
Materiality for the financial statements	£10.9m	£9.5m	This is based on the overall risk profile of the organisation.
Performance materiality	£7.63m	£6.65m	This is based on our view of the risk of errors occurring in the financial statements.
Specific materiality for senior officer remuneration	£31.7k	£31.7k	This is based on the higher sensitivity of these disclosures.
Reporting threshold	£0.475m	£0.475m	Errors below this threshold are considered individually insignificant for reporting to Those Charged with Governance.

Overview of significant and other risks identified

Overview of audit risks

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

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

Other risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Relates to	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	PCC Group/Chief Constable	Significant	↔	✓	Low	●
The revenue cycle includes fraudulent transactions	PCC Group	Significant (rebutted)	↔	×	Low	●
The expenditure cycle includes fraudulent transactions	PCC Group/Chief Constable	Significant (rebutted)	↔	×	Low	●
Valuation of land and buildings	PCC Group	Significant	↔	×	High	●
Valuation of the LGPS pension fund net asset/liability	PCC Group/Chief Constable	Significant	↔	×	High	●
Valuation of the defined benefit Police Pension Scheme	Chief Constable/PCC Group	Significant	↔	×	High	●
IFRS 16 Implementation	PCC Group	Other	↔	×	Medium	●

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

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

Significant risks

Risk identified	Relates to	Audit procedures performed	Key observations
Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities. We therefore identified management override of controls, in particular via journal entries, management estimates and transactions outside of the normal course of business, as a significant risk of material misstatement.	PCC Group/ Chief Constable	We have: • evaluated the design and implementation of management's controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness and • Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.	In performing our audit procedures, we identified a population of journals to test using data analytic software to analyse journal entries, splitting batched journals into smaller transactions and by applying specific risk criteria as assessed by the audit team. These criteria included: ▪ Material journals across the year ▪ Journals posted by senior management and those with administrative access rights ▪ Credits to expenditure at the year-end ▪ Year-end journals, and ▪ Journals posted after the year-end Application of these routines and supplementary procedures identified a total sample of 64 journals to test. Testing of the identified sample has not identified any matters to bring to your attention. Our consideration of the control environment did identify that senior officers were able to post journals and that self-approval of journals was possible. Associated recommendations have been raised on page 38. Our work is complete and we are satisfied that judgements made by management are appropriate, have been determined using consistent and reasonable methodologies and there is no evidence of management bias or error in making key estimates.

Significant risks

Risk identified	Relates to	Audit procedures performed	Key observations
The revenue cycle includes fraudulent transactions (rebutted) Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition. Having considered the risk factors set out in ISA (UK) 240 and the nature of the revenue streams of the PCC and the Chief Constable, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: - There is little incentive to manipulate revenue recognition; - Opportunities to manipulate revenue recognition are very limited; - All revenue received by the Chief Constable comes from the PCC; and - The culture and ethical frameworks of PCC Group, Chief Constable mean that all forms of fraud are seem as unacceptable.	PCC Group	We have: • evaluated the PCC Group and Chief Constable's accounting policy for recognition of income for appropriateness and compliance with the Code 2024/25; • performed tests of detail on the occurrence and accuracy of fees and charges income, grant income and other income; • tested a sample of invoices raised and payments received around year end to gain assurance over the completeness of revenue and debtors.	Our audit work is complete and has not identified any material issues in respect of revenue recognition. We did identify one instance from our sample testing of fees and charges income where an item of income for £37k was not supported by sufficient audit evidence. While we are satisfied that there was no fraudulent revenue recognition, we have determined this to be a case of possible overstated income and have extrapolated the error to £557k based on our sampling method. Please refer to the Audit Adjustments section of this report for further details.

Significant risks

Risk identified	Relates to	Audit procedures performed	Key observations
The expenditure cycle includes fraudulent transactions (rebutted) Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies. We have identified and completed a risk assessment of all expenditure streams for the PCC Group/ Chief Constable. We have rebutted the presumed risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams. This is due to the low fraud risk assessed against all expenditure streams both individually and collectively. We confirmed that this assessment remains appropriate upon receipt of the draft financial statements.	PCC Group/Chief Constable	We have: • evaluated the PCC Group and Chief Constable's accounting policy for recognition of expenditure for appropriateness and compliance with the Code • updated our understanding of the system for accounting for the expenditure and evaluate the design of associated processes and controls • agreed on a sample basis relevant expenditure and year end payables and accruals to invoices or other supporting evidence • carried out testing on sample basis of invoices received in the period prior to and following 31 March 2025 to determine whether expenditure is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.	Our work in this area is complete. It was reported in our joint audit plan that we had determined there was no significant risk of material misstatement relating to expenditure recognition. We consider our rebuttal of the presumed expenditure recognition risk to remain appropriate. We have noted no material adjustments or findings in relation to expenditure recognition. We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology. Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from inappropriate expenditure recognition across the financial statements.

Significant risks

Risk identified	Relates to	Audit procedures performed	Key observations
Valuation of land and buildings The PCC and Group revalue their land and buildings on a rolling three-year basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved, (£207.9m as at 31 March 2025 and £215.4m at 31 March 2024) and the sensitivity of this estimate to changes in key assumptions. The valuation of land and buildings is a key accounting estimate which is derived, depending on the valuation methodology, from assumptions that reflect market observations and the condition of the asset at the time. However, the valuation methodology for land and buildings is specified in detail in the CIPFA Code and the sector is highly regulated by RICS, therefore we will focus our audit attention on assets that have large and unusual changes and/or approaches to the valuation of land and buildings, as a significant risk requiring special audit consideration.	PCC Group	We have: • evaluated the design and implementation of relevant controls relating to the valuation process; • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • engaged a valuation expert to provide their commentary on the valuation done by management's expert; • evaluated the competence, capabilities and objectivity of the valuation expert; • written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the code are met; • challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding; • evaluated the valuer's report to identity assets that have large and usual changes and/ or approaches to the valuation – these assets will be substantively tested to ensure the valuations are reasonable; • tested a selection of asset revaluations performed during the year to see if they have been input correctly into the PCC and Group asset register, revaluation reserve and Comprehensive Income and Expenditure Statement; and • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially difference from current value at year-end.	Our work in this area is complete. Our work identified one asset from the sampled assets whose remaining life had not been reduced by one year since the last valuation in 23/24. We assessed the impact of this error as £551K. Management have decided not to adjust for this on the basis it is not material, we therefore report the matter within the summary of unadjusted misstatements. Based on audit work completed we are satisfied that the value of Property, Plant and Equipment is materially correct within the financial statements.

Significant risks

Risk identified	Relates to	Audit procedures performed	Key observations
Valuation of the LGPS pension fund net asset/liability The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of Practice for local Government Accounting (the applicable financial reporting framework). However, the Group and Chief Constable has had to consider the potential impact of 'IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset'. Because of this we have assessed the recognition and valuation of the pension asset as a significant risk. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.	PCC Group and Chief Constable	We have: • updated our understanding of the processes and controls put in place by management to ensure that the Group's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their actuarial expert for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Group's pension fund valuation; • 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; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and perform any additional procedures suggested with the report; and • obtained assurances from the auditor of Lancashire County 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	Our work in this area is complete. - We have reviewed the IAS19 assurances from the auditor of the Lancashire Pension Fund and noted no material issues arising from that work. - The draft financial statements included a prior period adjustment to account for a change to approach to the asset ceiling accounting as at 31 March 2024. We advised that this was not appropriate since the figures involved were not material, and management agreed to amend this via an in-year adjustment.

Significant risks

Risk identified	Relates to	Audit procedures performed	Key observations
Valuation of the defined benefit Police Pension Scheme The Group's unfunded liabilities, as reflected in its balance sheet as the net defined benefit liability, represents significant estimate in the financial statements. The unfunded pension liability is considered a significant estimate due to the size of the numbers involved (pension liability of £2,488m as at 31 March 2025 and £2,850m as at 31 March 2024) and the sensitivity of the estimate to changes in key assumptions. We therefore identified the valuation of the Group's Police Pension liability as a significant risk, which was one of the most significant assessed risks of material misstatement	PCC Group and Chief Constable	We have: • updated our understanding of the processes and controls put in place by management to ensure that the Group's Police Pension liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their actuarial expert for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Group's pension fund valuation; • tested the consistency of the pension fund liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • 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 additional procedures suggested with the report; and • undertaken procedures to confirm the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund.	Our work in this area is complete. Our audit work to date has not identified any issues in respect of valuation of the net pension liability.

Other risks

Risk identified	Relates to	Audit procedures performed	Key observations
IFRS 16 implementation Since the adoption of IFRS 16 on 01 April 2024, there is a potential risk of incorrect implementation and failure to identify leases that fall under IFRS 16 requirements.	PCC Group	We have: • obtained an understanding of the Group's approach to implementing IFRS 16. This includes understanding the steps taken by the Group to identify and classify leases, assess lease terms, and ensure the accounting treatment aligns with the accounting standards; • obtained the Group's calculation and lease data and assess the completeness and accuracy by reviewing the calculation of the lease liabilities and right-of-use assets; • verified the discount rate used and ensuring the calculations are in line IFRS 16 requirements; • reviewed the financial statement disclosure related to leases to ensure this meets the requirements of IFRS 16 such as the nature of leasing activities, key assumptions and judgments made.	– The draft financial statements included a prior period adjustment to account for IFRS 16 balances as at 31 March 2024. We advised that this was not correct since implementation was on 1 April 2024 and no prior period restatement was required. Management agreed to amend the accounts for this. – From our work, we noted factual and potential misstatements from across the work performed on the leases and Right of use assets. The total misstatements for each of these was below trivial and we have not reported the errors in the summary of unadjusted misstatements. We therefore we consider the ROUA and leases in the SOA to be materially accurate. – Our work is complete and we have not identified any further matters to bring to your attention.

Group audit

Group audit

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

The table below summarises our final group scoping, as well as the status of work on each component.

Component	Risk of material misstatement to the group	Scope – planning	Scope – final	Status	Comments
The PCC for Lancashire	Yes	Full audit	Full audit	●	Our audit work is substantially complete, subject to final review of the updated financial statements.
The Chief Constable of Lancashire Constabulary	Yes	Full audit	Full audit	●	Our audit work is substantially complete, subject to final review of the updated financial statements.

- ● Planned procedures are incomplete and/or significant issues have been identified that require resolution.
- ● Planned procedures are ongoing/subject to review with no known significant issues.
- ● Planned procedures are substantially complete with no significant issues outstanding.

Other findings

Other findings – significant matters

Issue	Commentary
Significant events or transactions that occurred during the year	No such events or transactions were identified.
Business conditions affecting the PCC/Group/Chief Constable, and business plans and strategies that may affect the risks of material misstatement	No such conditions were identified.
Concerns about management's consultations with other accountants on accounting or auditing matters	No such concerns were identified.
Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services	No such discussions were held.
Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information	No such matters were identified.
Other matters that are significant to the oversight of the financial reporting process	Several control deficiencies relating to the IT environment have been identified and reported, primarily relating to security controls for the Oracle system. These are discussed later in this report.
Prior year adjustments identified	Management initially identified prior year adjusting relating to accounting for pensions, leases and assets. We asked management to consider whether it was appropriate to include these on grounds of materiality. On review, management agreed to remove these and process opening balance adjustments where relevant.

Other findings – key judgements and estimates

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

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and buildings (PCC Group) £208m at 31 March 2025	The Authority has engaged an external valuation firm (Aspins and Co.) to complete the valuation of land and buildings as at 31 March 2025 on a five yearly cyclical basis. Approximately 65% of other land and building assets were revalued during 2024/25. Management complete an annual review of the assets not due to be revalued during the year, considering factors that may require them to be revalued. Management's assessment is that the potential difference in the value of the remaining assets not formally revalued during 2024/25 is not material. Management has addressed estimation uncertainty by determining the valuation date to be the same as the balance sheet date.	The PCC's accounting policy on valuation of Other Land and Buildings is included in the Accounting Policies note to the financial statements. We have: • Assessed the PCC's external valuers to be competent, capable and objective; • Carried out completeness and accuracy testing of the underlying information provided to the valuers and used to determine the estimate, including floor areas where relevant; • Reviewed management's assessment of assets not revalued in the year against an independent market report; • Agreed valuation reports to the fixed asset register and to the statement of accounts; and • Engaged our own external valuation expert to assess the work of the PCC's valuation experts Based on our audit work performed, we are satisfied that the estimate of your land and buildings valuation is not materially misstated.	● [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Assessment

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

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
LGPS net pension liability/asset (PCC Group and Chief Constable) Net surplus of £227.5m at 31 March 2025 (capped at zero). 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.	The PCC and Chief Constable's Local Government Pension Scheme net pension surplus at 31 March 2025 of £227.5m is capped at £0m (PY £0m), comprising the Lancashire Local Government Pension Scheme obligations. There are also unfunded defined benefit pension scheme obligations of £1.8m. The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability (/asset), small changes in assumptions can result in significant valuation movements. There has been a £12.1m net actuarial gain during 2024/25. The PCC and Chief Constable uses Mercer to provide actuarial valuations of the PCC's and Chief Constable's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years, and the results of the 2025 valuation will first be accounted for in the 2025/26 financial statements.	Our work on the PCC group's net pension liability is complete, subject to review of the final updated financial statements. At the time of this report we have: • Assessed the expertise of management's actuarial expert; • Assessed the actuary's approach taken; • Made use of PwC as auditor's expert to assess the actuary and assumptions made by actuary – see table below for comparison with actuary assumptions; • Tested the completeness and accuracy of the underlying information used to determine the estimate; • Evaluated the impact of changes to valuation method; • Evaluated the reasonableness of the Authority's share of LGPS pension assets and the overall increase/decrease in the estimate; • Evaluated the adequacy of disclosure in the financial statements.	● [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Assumption	Actuary value	PwC range	Assessment
Discount rate	5.8% (PCC) and 5.9% (CC)	5.7-5.9%	Reasonable
Pension increase rate	2.8% (PCC) and 2.7% (CC)	2.7-2.8%	Reasonable
Salary growth	4.1%	3.85-4.2%	Reasonable
Life expectancy – Males currently aged 45/65	22.4/21.1	21.1-23.2 /20.8-22	Reasonable
Life expectancy – Females currently aged 45/65	25.3/23.5	25.2-26.1 /23.5-24.3	Reasonable

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Police Pension Scheme (PPS) liability (Chief Constable and PCC Group) £2,331m at 31 March 2025	The Chief Constable's Police Pension Scheme liability at 31 March 2025 is £2,331m (PY £2,676m). The Chief Constable operates three pension schemes for police officers, these are the 1987, 2006 and 2015 Police Pension Schemes. The Chief Constable uses Mercer to provide actuarial valuations of their Police Pension Scheme liabilities. A full actuarial valuation is required every four years. Whist the last full actuarial valuation was completed in 2021, the estimate of the pension liability at 31 March 2025 is based on up-to-date membership data and assumptions. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £397m net actuarial gain during 2024/25.	Our work on the PPS pension liability is not yet complete. At the time of this report we have: • Assessed the expertise of management's actuarial expert • Assessed the actuary's approach taken • Made use of PwC as auditor's expert to assess the actuary and assumptions made by actuary – see table below for comparison with actuary assumptions • Tested the completeness and accuracy of the underlying information used to determine the estimate • Evaluated the impact of changes to valuation method • Evaluated the reasonableness of the overall decrease in the estimate • Adequacy of disclosure of estimate in the financial statements	● [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Assumption	Actuary value	PwC range	Assessment
Discount rate	5.8%	5.7-5.9%	Reasonable
Pension increase rate	2.7%	2.7%	Reasonable
Salary growth	3.85-4.1%	3.85-4.1%	Reasonable
Life expectancy – Males currently aged 45/65	23/21.4	22.4-23 /20.7-21.4	Reasonable
Life expectancy – Females currently aged 45/65	25.3/23.6	22.4-25.3 20.7-23.6	Reasonable

Other findings – Information Technology

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

			ITGC control area rating			
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks
Oracle EBS (General Ledger)	ITGC assessment (design and implementation)	🔴	🔴	🔴	🟢	N/A

We also performed specific procedures in relation to cybersecurity. Exceptions were noted and these are noted in the Action Plan- IT audit recommendations pages.

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 assessment

Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	• We have previously discussed the risk of fraud with the Police and Crime Commissioner and Chief Constable and Joint Independent Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	• We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	• You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	• Letters of representation have been requested from both the PCC and the Chief Constable, which are appended to this report.
Confirmation requests from third parties	• We requested from management permission to send confirmation requests to the PCC's banking and treasury partners. This permission was granted and the requests were sent. These were all returned with positive confirmation.
Disclosures	• Our review found no material omissions in the financial statements
Audit evidence and explanations	• All information and explanations requested from management was provided.
Significant difficulties	• No significant difficulties were encountered during the audit.

Other responsibilities

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

Other responsibilities

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Narrative Reports and Annual Governance Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We issued unmodified opinions in this respect – refer to Appendix D.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. We have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. The specified group reporting threshold is £2 billion. As in prior years, only limited work is expected to be required on this, as the Group is not expected to exceed the audit threshold in 2024-25
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2024/25 audits of the Police and Crime Commissioner for Lancashire and the Chief Constable for Lancashire Constabulary in the audit reports, as detailed in Appendix D, until we receive confirmation from the National Audit Office (NAO) that they have concluded their work in respect of Whole of Government Accounts for the year ended 31 March 2025.

Audit adjustments

Audit adjustments

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

Impact of adjusted misstatements

No adjusted misstatements have been identified within the PCC Group or Chief Constable's accounts.

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. Those charged with governance are required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
(PCC and Group only) Our testing of property revaluations identified that for one of the sampled assets, Useful Economic Lives (UELs) had not been reduced between valuations, leading to an overstatement of asset values.	Overstated revaluation gain in Other Comprehensive Income 551	Overstated PPE (551)	551	0
(PCC and Group only) Our sample testing of fees and charges income identified an item of income to the value of £37k, for which management could not provide sufficient evidence to demonstrate that the income had been earned and would be paid by the third party. Extrapolating this error across the wider population would indicate that overall income could be overstated by £557k.	Overstated income 557	Overstated debtor (557)	557	557
Overall impact	1,108	(1,108)	1,108	557

There were no reportable misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2023/24 with a resulting impact upon the 2024/25 financial statements.

Audit adjustments

Misclassification and disclosure changes

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

Disclosure	Misclassification or change identified	Adjusted?
Chief Constable- CIES	The CIES does not comply with Code 3.4.2.39(a), as the prior year comparative information includes only net expenditure, without the required gross expenditure and gross income by service. Management agreed to update this in the final version.	✓
Chief Constable- CIES	The CIES prior year figures have been reclassified to reflect changes in internal reporting structures, which have been disclosed in a separate table. The CIES column should be headed with 'restated' and the table should be shown within the Notes to the Accounts rather than within the prime financial statements.	✓
PCC Balance Sheet	The draft statement included lines for Short Term Investments and Assets Held for Sale with zero balances in both years. These should be removed as not relevant.	✓
PCC Balance sheet	Management had included a prior period restatement resulting in the net pension liability at 31/3/24 being shown as a net asset at 1/4/24. Following our review management agreed to amend this to disclosure an opening balance adjustment to account for the change in actuarial method for 2024/25.	✓
PCC Balance sheet/cash/creditors/ financial instruments	Seized cash was previously presented as part of cash and as a corresponding creditor in the financial statements. This was removed in the draft financial position at 31/3/25, with management treating this as a change in accounting policy. However, as seized cash does not meet the definition of an asset, our view is that its previous inclusion was an error rather than a policy choice. Under the CIPFA Code and IAS 8, material errors require prior period restatement. In this case, the amounts involved are not material, so comparative figures do not need to be restated.	✓
PCC Balance sheet and Note 4	Note 4 states that the impact of IFRS 16 implementation has been included with the closing balances for 2023/24. The draft disclosure is incorrect. IFRS 16 adjustments should only be made as at 1 April 2024, the date of initial application under the Code. Prior year figures must not be adjusted, and the impact should not be included in 2023/24 closing balances. Management agreed to amend the disclosures accordingly.	✓
PCC Group/Chief Constable- Critical Judgements note 3	With the implementation of the IFRS 16, we would expect a critical judgement on why the Chief Constable Accounts do not recognise the right of use assets which are used for operational purposes such as police vehicles and buildings used for police station. Management have agreed to include these disclosures.	✓

Audit adjustments

Misclassification and disclosure changes

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

Disclosure	Misclassification or change identified	Adjusted?
PCC Note 6- Estimation Uncertainty	Our review of this note led us to challenge management as to whether asset lives were a source of material estimation uncertainty under IAS 1. Management agreed to amend the note and remove this reference.	✓
PCC Note 29- Financial Instruments	Our review of the draft accounts identified that there was no disclosure of Fair Value for the long-term borrowings, which is a requirement in line with IFRS 7. Management agreed to include this disclosure in the final version.	✓
PCC Note 29- Financial Instruments	On review of the classification of financial assets valued at Fair Value through Profit and Loss (FVTPL) under IFRS 9, it became apparent that these should be held at Amortised Cost along with all of the PCC's financial assets and in line with the PCC's investment policy. Management processed amendments for the classification in both the current and previous financial year's disclosure. However, it would not be necessary to restate the comparative figures as they are not material.	✓
PCC Group/Chief Constable- Pensions note 30	Our review identified that no separate reconciliation of the impact of the asset ceiling was disclosed, as required by the CIPFA Code 6.4.3.45(6). Management agreed to update this in the final version.	✓
PCC Group/Chief Constable- Pensions note 30	Our review of the pension fund auditor's assurance letter identified that the assets of the pension fund were understated, with an amount attributable to the PCC Group of £1.23m. As the net asset surplus is restricted to zero due to the asset ceiling calculations, this difference only affects the pension asset disclosure rather than the balance sheet figure. Management have not been asked to update the accounts for this non-material discrepancy so that their figures can be kept in line with the actuarial reports.	X
Throughout	A number of typographical errors have been identified throughout the financial statements.	✓

Action plan- financial statements

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

Assessment	Issue and risk	Recommendations
● Medium	**Calculation of depreciation** Management's process for calculation asset depreciation is dependent on a multi-step semi-manual process that could lead to material errors occurring in a single year or over time.	We recommend that the asset register structure is reviewed to reflect the componentisation and remaining useful economic lives of assets so depreciation is calculated there rather than needing a separate manual process. **Management response** *We will review the current arrangements for componentisation and ensure that a robust process is introduced in line with the Code of Practice and agreed throughout the authority.*
● Low	**Journal entry controls** Our review of the journal environment identified: 1) That senior officers have the ability to post journals, and 2) That journals can be posted into Oracle without prior authorisation. While we observed there are some mitigating controls in place, there remains a risk of inappropriate journal entries being used leading to material misstatement.	We recommend that management continue to strengthen controls in this area. **Management response** *While Senior Officer have the ability to post journals the risk of this occurring is mitigated by current controls but these will be reviewed and enhanced. A process paper will be produced around this to clearly state roles and responsibilities in this area and will be shared with the auditors.* *We will continue to review this area and look to see as part of future ORACLE developments the risk of journals being posted without authorisation can be further mitigated.*

Key

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

Action plan- financial statements – IT related

Assessment	Issue and risk	Recommendations
● High	**Oracle EBS- Inadequate control over privileged accounts on the application** Our review of administrative access to the Oracle EBS application identified that privileged access is granted through the 'System Administrator', 'Application Developer', 'DIAGNOSTIC' and 'FND_DIAGNOSTICS' profiles. The following deficiencies have been identified: • One user could not be assessed during our review as Lancashire Police could not provide details of the user. • One user was an Oracle Consultant and had left Lancashire Police in April 2024. We verified that the account had not been logged into after the user's termination date. • 20 Lancashire County Council accounts whose access is now redundant. We verified that 18 of the accounts had not been logged into during the audit period, however 2 had been logged into. • One generic account primary used to schedule concurrent jobs is accessible to any user. We were unable to verify whether access was restricted to the appropriate individuals. • Two generic accounts inherited from Lancashire County Council for which details could not be provided by Lancashire Police had not been end dated. We verified that the accounts had not been logged into during the audit period.	Redundant accounts with privileged permissions expand the potential attack surface for malicious actors. If these accounts remain active, they provide additional entry points that attackers could exploit to gain unauthorised access to critical systems and sensitive data. We recommend: • Access reviews should regularly be performed to identify and remove redundant accounts with privileged permissions. • Implementing robust identity and access management practices, including automated provisioning and de-provisioning processes, can help ensure that access privileges are promptly revoked when no longer required. • Additionally, organisations should enforce strong password management policies and consider implementing multi-factor authentication to further secure administrative access. Regular security assessments and audits can also help identify and address any lingering redundant admin accounts. **Management response** Access reviews will be set up to identify and remove redundant accounts. A review of current processes around identity and access management practices will be undertaken to ensure that access privileges are promptly revoked when no longer required . A review of the current password management policies will be undertaken to ascertain what is available while ensuring that business as usual activities are maintained

Action plan- financial statements – IT related

Assessment	Issue and risk	Recommendations
● High	**Oracle EBS- Inadequate control over privileged accounts on the database** During our review we identified that administrative access to the database was granted to 12 generic accounts. • Four generic accounts were used by the service organisation, Claremont. We were unable to verify that passwords are stored securely and therefore that access to these accounts is restricted to the appropriate individuals. We were unable to obtain a SOC 1 Type II report and therefore were unable to determine if controls implemented at the service organisation were operating effectively during the audit period. • For eight generic accounts, we were unable to verify the users of the accounts and whether they had been logged into during the audit period. **Risk** Redundant accounts with privileged permissions expand the potential attack surface for malicious actors. If these accounts remain active, they provide additional entry points that attackers could exploit to gain unauthorised access to critical systems and sensitive data.	The same recommendations are relevant here as per the previous page. **Management response** The same response is relevant here as per the previous page.

Action plan- financial statements – IT related

Assessment	Issue and risk	Recommendations
Medium	**Inappropriate segregation of duties as developers have access to the production environment** During our review, we identified seven accounts (five individual and two generic) with inappropriate continuous access to both develop and implement changes, through a combination of the 'System Administrator' and 'Application Developer' or 'Functional Developer' profiles. We noted that all seven accounts are used by the service organisation, Claremont, however we were unable to obtain a SOC 1 Type II report and therefore were unable to determine if controls implemented at the service organisation were operating effectively during the audit period. Furthermore, we were unable confirm whether any changes were deployed by these accounts and if the appropriate approvals were granted prior to deployment. As the support partner, the incentive to make fraudulent entries is considered less than Lancashire Police users, we therefore have reduced the rating to Amber. **Risk** The combination of access to develop and implement those changes in the production environment creates a risk that inappropriate or unauthorised changes are made to data and/ or programs.	We recommend that: • Management should segregate a user's ability to develop and implement changes. Privileged access to the production environment should be revoked from users that are involved in development. • Where management is unable to fully segregate access for operational reasons, alternative options to mitigate the risk could include performing a review of change implementation activity logs. These should be regularly reviewed for appropriateness by an independent individual with evidence retained. **Management response** A review of the current users with developer access will be undertaken to ascertain if any accesses should be revoked. A review will be undertaken of the current process to put into place processes that can mitigate the risk identified

Action plan- financial statements – IT related

Assessment	Issue and risk	Recommendations
● Medium	**Continuous access to the 'Application Developer' responsibility in production** During our review, we identified two accounts which had been assigned continuous access to the 'Application Developer' responsibility within the production environment. We noted that the accounts belonged to Lancashire County Council users whose access is now redundant and therefore deemed these accounts to be inappropriate. We verified that the accounts had not been logged into during the audit period. **Risk** Users and generic accounts with the Functional Developer or Application Developer role have access to customise, extend, and develop within the production environment. This increases the risk of unauthorised changes, data manipulation, and potential security breaches, as users may inadvertently or intentionally introduce vulnerabilities or bypass established security controls.	We recommend that: • Access to the 'Application Developer' and 'Functional Developer' responsibilities should be end-dated and only granted when required for emergency troubleshooting and resolution. • In cases where the responsibility is no longer required, the responsibility should be removed. **Management response** Access reviews will be set up to identify and remove redundant accounts. A review of current processes around identity and access management practices will be undertaken to ensure that access privileges are promptly revoked when no longer required.

Action plan- financial statements – IT related

Assessment	Issue and risk	Recommendations
Low	**Lack of review of audit logs for generic accounts** During our review, we identified that: • Administrative access to the application was granted to 11 generic accounts. Three of which were actively used by the service organisation, Claremont / Lancashire Police. Seven of which were redundant accounts inherited from Lancashire County Council. We were unable to verify the users of the other account. • Privileged access to the database was granted to 12 generic accounts. Four of which were used by the service organisation, Claremont. We were unable to verify the users of the other eight accounts and whether they had been logged into during the audit period. We were unable to obtain evidence that generic account activity is logged, monitored and reviewed on a period basis to identify and unusual and suspicious activity. **Risk** Without formal and routine reviews of security event logs, inappropriate and anomalous activity may not be detected and resolved in a timely manner. Additionally, unauthorised system configuration and data changes made using privileged accounts will not be detected by management.	We recommend that: • security event logs are reviewed on a regular basis, ideally by an IT security personnel who are independent of those administrating Oracle EBS and its underlying database; • any issues identified within these logs should be investigated and mitigating controls implemented to reduce the risk of reoccurrence. **Management response** The lack of centralised activity logging has been flagged as an inherent operational risk. A baseline review of Privileged / Administrative accounts will be undertaken to ensure redundant accounts are closed. A reoccurring account audit will be set up to review Privileged / Administrative accounts, to ensure they remain fit for purpose.

Action plan- financial statements – IT related

Assessment	Issue and risk	Recommendations
● Low	**Inadequate control over default seeded accounts** During our review, we identified several default seeded accounts which are created upon installation of Oracle EBS and noted the following: • two default seeded accounts which had not been end-dated, creating a security vulnerability. We verified that the accounts had not been logged into during the audit period. • one default seeded account for which the password has not been changed since 2017, despite the reset frequency being set to 60 days. We verified that the account had been accessed during the audit period. **Risk** Failure to end-date default accounts may lead to the unintended use of these accounts, potentially bypassing established controls and segregation of duties. This increases the risk of unauthorised or inappropriate use of accounts, as well as potential misuse or fraud.	We recommend that: • management change default passwords for Oracle default seeded accounts regularly. Use strong and unique passwords that adhere to established password security best practices, such as length, complexity, and regular expiration; • If certain default accounts are not required for operational purposes, consider end-dating or deactivating them to prevent unauthorized access. Only maintain active default accounts that are necessary for system administration and management. **Management response** A review of the current password management policies will be undertaken to ascertain what is available while ensuring that business as usual activities are maintained. A review of the current default accounts will be undertaken to ascertain which are needed. A reoccurring account audit will be set up to review default accounts, to ensure they are still required for operational purposes.

Action plan- financial statements – IT related

Assessment	Issue and risk	Recommendations
● Low	**Weak password configuration settings for Oracle EBS** We noted the following Oracle EBS password parameter is not in line with industry leading practices: • Minimum password length – 6. **Risk** A lack of robust password settings may allow financial information to be compromised by unauthorised users. In particular: • Short passwords can easily be guessed. • Passwords tend to become known by other users if they are in continued use over a long period of time.	We recommend that: • Management should ensure that password settings configured on Oracle EBS are configured to meet best practice guidelines such as those recommended by NCSC; • Where configuration settings cannot be strengthened due to system limitations, management should undertake a risk assessment and implement additional compensating controls. **Management response** A review of the current password management policies will be undertaken to ascertain what is available while ensuring that business as usual activities are maintained. If password complexity cannot be increased we will undertake a risk assessment.

Action plan- financial statements – IT related- cybersecurity

Assessment	Issue and risk	Recommendations
● Medium	**Inadequate cybersecurity training for employees** During our review, we identified that mandatory cybersecurity training is limited to new employees through two courses, for which the completion rates were 60% and 85%. Cybersecurity training for existing employees is restricted to awareness campaigns on the Intranet and the publishing of specific threats identified by Lancashire Police. **Risk** Low completion rates for the mandatory training indicate that a significant portion of new employees may lack essential cybersecurity knowledge, increasing the risk of human error and security breaches. This gap in training can lead to inconsistent security practices across the organisation. Relying solely on awareness campaigns and threat publications may not provide comprehensive or up-to-date training, leaving employees ill-prepared to handle evolving cyber threats. This limited approach can result in inadequate responses to security incidents and higher vulnerability to attacks.	We recommend that: Management should ensure that the required completion rates for cybersecurity training are agreed organisation wide. Where targets are not achieved, management should understand why. This should be achieved by issuing regular reminders. • Annual refreshers for cybersecurity training should be made mandatory for all employees. **Management response** Cybersecurity training has now become mandatory and is required to be completed annually, this is tracked and managed on Kallidus and in the individual PDR's. Completion rates are being reported in governance boards.

Action plan- financial statements – IT related- cybersecurity

Assessment	Issue and risk	Recommendations
Medium	**Lack of cybersecurity policies and procedures** During our review, we identified the following: • Whilst there are technical teams to oversee Lancashire Police's network and infrastructure, there is no established and formal cybersecurity team. • There is a Data Protection Policy in place, however, it has not been reviewed since January 2019 when it was first issued. **Risk** The absence of a dedicated cybersecurity team increases vulnerability to cyber attacks and delays incident response, potentially exacerbating the impact of breaches. This also poses compliance risks and limits proactive security measures. An outdated data protection policy may not comply with current regulations, leading to legal consequences and inadequate data protection practices. This increases the risk of data breaches and potential reputational damage.	We recommend that: • Management Police should establish a formal cybersecurity team that is responsible and accountable for designing, implementing and monitoring cybersecurity controls; • Management should review and update the Data Protection Policy in accordance with any new regulations, changes in technology or organisational structure to ensure continued compliance and effectiveness; • A formal and regular process should be put in place to ensure all policies are updated. **Management response** The Data Protection Policy is currently undergoing review with the DPO and is reviewed on a regular basis. While it is acknowledged that there is no formal titled cybersecurity team in force, cyber security is managed and monitored to a high standard within force. There is a robust cyber incident response plan (CIRP) which is externally review annually by the National Management Centre (NMC) and PDS.

Follow up of prior year recommendations

We identified the following issues in the audit of the PCC and CC's 2023/24 financial statements, which resulted in 6 recommendations being reported in our 2023/24 Audit Findings Report. We have set out the latest position of these recommendations below, following our 2024/25 audit work.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Partially complete	Valuation of Operational Land and Buildings (PCC) We identified: • an issue with assets not formally revalued in 23/24 with our assessment concluding that had those assets been revalued, there would have been a material change in their valuation. We shared our assessment with Management who subsequently agreed with our findings. This led to a further four valuations of DRC assets being completed with the required amendment to the financial statements made. • That the valuer has used incorrect Build Cost Information Services (BCIS] rates and the incorrect application of a Floor area size relating to Skelmersdale Police Station after we challenged Management to ensure that correct floor areas had been used by the Valuer This finding was also reported in 2022-23. We recommended that Management should: 1) Review the planned programme of annual revaluations to ensure all individually significant assets are revalued on an annual basis rather than on a rolling basis. 2) Complete an assessment of the potential impact of all assets not subject to revaluation as part of the evaluation to determine that sufficient valuations have been undertaken. 3) Perform procedures to ensure that the valuer is basing their valuation on the most appropriate information available, including correct use of BCIS rates and GIA. This exercise should include staff from Estates as part of the confirmatory checks.	**Management comment (May 2025):** 1) The revised schedule was agreed in 2023/24 where the 4 highest value are revalued annually. In 2024/25 this has meant 65% of NBV property values as at 31/3/24 are forecasted to be valued in 24/25. 2) The review process will be undertaken when once PPE accounting is completed for 24/25. 3) We are working with our estates department to gain access to their management system where building details and plans are stored in order to spot check all the valuation reports. **Audit Plan (May 2025) comment:** This continues to be an area of focus and challenge during the audit. We are encouraged by management's improvements in this area and will determine whether this recommendation can be formally closed in 2024/25. **Audit Findings (December 2025) comment:** 1) We agree that this has been addressed. 2) This has not been addressed as the assessment was not made available to the auditor until towards the end of the audit in December 2025. The assessment did however confirm management's assertion of no material movement in the value of assets not formally revalued prior to 31/3/25. 3) We did not find any issues with the correct use of BCIS rates and application of GIA data. **Management comment (Dec 2025):** *We accept that the asset not subject to revaluation was delayed and as part of the new indexation arrangements for 25/26 we will agree a process with the valuer and the auditor to ensure we are compliant with the Code.*

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations (cont.)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	Asset Register - Periodic verification Our Property, Plant and Equipment existence testing and review of the fixed asset register (FAR) confirmed that there were a significant number of fully depreciated assets with a net book value (NBV) of nil. Our testing of a sample of Vehicles with an NBV of nil confirmed that they were still in use as at 31/3/24. However, we were not able to complete the same test for IT equipment as Management informed us it was not straightforward to confirm these asset types were still in use. We were able to complete a review of the IT asset descriptions that was consistent with those assets having been acquired within the preceding 5 to 6 years and broadly in line with the stated depreciation policy. We recommended that Management should implement procedures that ensure relevant departments confirm to Finance any asset disposals and undertake an assessment to determine whether any IT assets are no longer in use.	**Management comment (May 2025):** A phased implementation has been introduced in 2024/25 and asset disposals have been accounted for within the system by the Technical Accounts. It is hoped that within 2025/26 this process will be rolled out across the wider Finance Team. **Audit Plan (May 2025) comment:** We are encouraged by management's actions in this area and will determine whether this remains a significant control issue in the 2024/25 audit. **Audit Findings (Dec 2025) comment:** We have not identified any issues in this area during our 24/25 audit but would encourage management to continue to implement the procedures described.

Follow up of prior year recommendations (cont.)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	Exit packages Contained within the 2023/24 Exit package notes were payments made to four staff who left the organisation in the prior year under compromise agreements. The value of the compromise agreements were not accrued for at the year end as, we understand that Finance had not been notified of these cases by the Legal Department. The amounts involved were cumulatively trivial. We recommended that procedures should be in place that the Legal Department inform Finance of all relevant cases so an assessment can be made in terms of impact on the Financial Statements.	**Management comment (May 2025):** We will continue to review any compromise agreements to ensure that, where timings allow, these will be reflected in the financial statements. **Audit Plan (May 2025) comment:** We are encouraged by management's actions in this area and will determine whether this recommendation can be formally closed in 2024/25. **Audit Findings (Dec 2025) comment:** Our testing in 24/25 identified a pension strain payment relating to a 23/24 exit package that had not been accrued for in 23/24 (although of a trivial value for a non-senior officer). Management should therefore continue to be alert to all exit packages processed by the Legal Department. **Management comment (Dec 2025):** *Having reviewed the process we have identified areas for improvement which will be introduced which should further mitigate the risk of this occurring in the future.*

Follow up of prior year recommendations (cont.)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	Policies and Procedures Our planning and risk assessment work identified a number of written policies and procedures have not been updated for a number of years including - the Code of Governance Framework dated July 2016 - Standing Orders for Contracts - Scheme of Consent and Delegation - Financial Regulations - Anti Fraud and Corruption Policy We also noted that the Service Level Agreement between Lancashire Pensions Services and Lancashire Constabulary is not signed or dated by either party. We recommended that Management should: • ensure that key policies and procedures are subject to appropriate periodic review and updating where applicable • ensure that key documents are signed and dated where required.	**Management comment (May 2025):** This is a ongoing process and is kept constantly under review to ensure that the scheme of delegation and associated governance is kept up to date. In terms of signed agreements particularly the SLA with LPPA this is under constant review. **Audit Plan (May 2025) comment:** We are encouraged by management's actions in this area and will determine whether this remains a significant control issue during our 2024/25 audit. **Audit Findings (Dec 2025) comment:** We noted that these are still to be updated in 25/26. **Management comment (Dec 2025):** *The Code of governance, Standing Orders, Financial regulations and the anti fraud and corruption policy are all currently under reviewed and will be refreshed and published by 1st April 2026.*

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	Related Party Transactions Testing identified that one declaration received by Management did not cover the full 2023/24 period and consequently one required interest was not declared. We recommended that Management ensure that the requirement to assess the full relevant financial period is made clear to all those required to make an annual assessment and declaration	**Management comment (May 2025):** As part of the communication to those charged with governance it was stressed that the statement covered the entire financial year and not the date of signature. **Audit Plan (May 2025) comment:** We are encouraged by management's actions in this area and will determine whether this recommendation can be formally closed in 2024/25. **Audit Findings (Dec 2025) comment:** We have not identified any further issues in this area during our 2024/25 audit.

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	Credit Notes Our sample tested identified a credit note issued by a supplier in 2022 that still had an outstanding balance as at 31/3/24 despite significant expenditure being incurred post 2022 with that supplier since the date of issue of the credit note and in excess of the credit note value. We recommended that Management should obtain periodic ledger exception reports and review the appropriateness of any outstanding credit note balances	**Management comment (May 2025):** A revised process has been agreed to recognise these more appropriately at year-end and will review the current process and reports to improve this for 2025/26. **Audit Plan (May 2025) comment:** We are encouraged by management's actions in this area and will determine whether this recommendation can be formally closed in 2024/25. **Audit Findings (Dec 2025) comment:** We have not identified any further issues in this area during our 2024/25 audit.

Assessment

✓ Action completed

X Not yet addressed

Value for Money arrangements

Value for Money arrangements

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

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from November 2025.

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

Improving economy, efficiency and effectiveness

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

Financial sustainability

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

Governance

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

In undertaking this work we have not identified any significant weaknesses in arrangements. Our Joint Auditor's Annual Report accompanies this audit findings report.

Independence considerations

Independence considerations

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

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Chief Constable or PCC 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 Chief Constable or PCC Group.
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 non-audit services have been provided to the Group.
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 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.

Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged or charged from the beginning of the financial year to date, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

We confirm that no non-audit or audited related services have been undertaken for the PCC Group or the Chief Constable.

Audit fees	PCC	Chief Constable	Group total
Scale fee	£106,889	£63,168	£170,057
Use of valuation expert	£2,000	-	£2,000
Other additional costs- review of IFRS 16 implementation	£5,000	-	£5,000
Other additional costs- IT audit work	£3,000	-	£3,000
Total proposed 24/25 audit fees	**£116,889**	**£63,168**	**£180,057**

The above fees are subject to approval by PSAA and are exclusive of VAT. The fees reconcile to the financial statements as follows:

Audit fees	PCC	Chief Constable	Group total
Total audit fees accrued in 24/25 accounts (excluding VAT)	**£142,549**	**£79,128**	**£221,677**
Less 22/23 additional fees confirmed in 24/25	(£22,950)	(£11,250)	(£34,200)
Less 23/24 additional fees confirmed in 24/25	(£12,710)	(£4,710)	(£17,420)
Add in 24/25 additional fees to be confirmed in 25/26	£10,000	-	£10,000
Total proposed 24/25 audit fees	**£116,889**	**£63,168**	**£180,057**

Appendices

A. Communication of audit matters with those charged with governance

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

A. Communication of audit matters with those charged with governance

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

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

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

Respective responsibilities

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

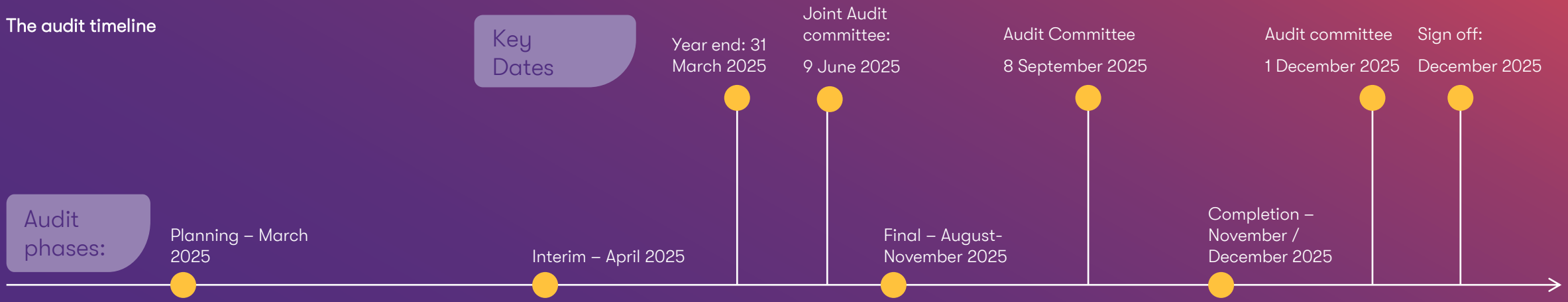
The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

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

B. Logistics

The audit timeline



Key elements

- Planning meeting with management to set audit scope
- Planning requirements checklist to management
- Agree timetable and deliverables with management and Audit Committee

Key elements

- Document design effectiveness of systems and processes
- Review of key judgements and estimates
- Issue Audit progress report and sector update to management and Audit Committee
- Any planned additional testing
- Issue the Joint Audit Plan to management and Joint Audit Committee

Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Weekly update meetings with management
- Draft Joint Audit Findings issued to management

Key elements

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

C. Management letter of representation – PCC

We have requested a letter of representation from management. The letter includes representations on the unadjusted misstatements as included in this audit findings report.

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

[**date of letter**]

Dear Grant Thornton UK LLP

The Police and Crime Commissioner for Lancashire
Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of The Police and Crime Commissioner for Lancashire (the 'Police and Crime Commissioner ') and its subsidiary undertaking, the Chief Constable for Lancashire Constabulary for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the group and Police 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 2024-25 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 Police and Crime Commissioner 's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("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 and Crime Commissioner and these matters have been appropriately reflected and disclosed in the financial statements.

C. Management letter of representation – PCC

iii. The Police and Crime Commissioner has complied with all aspects of contractual agreements that could have a material effect on the group and Police 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 International Accounting Standard 19 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 and Crime Commissioner financial statements:

- there are no unrecorded liabilities, actual or contingent;
- none of the assets of the group and Police and Crime Commissioner has been assigned, pledged or mortgaged; and
- 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 unadjusted misstatements schedule as detailed in this report. 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 Police and Crime Commissioner and their financial position at the year-end 31 March 2025. The financial statements are free of material misstatements, including omissions.

xi. We have considered the misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Police and Crime Commissioner financial statements have been amended for these misclassification and disclosure changes.

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 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:

C. Management letter of representation – PCC

a. the nature of the group and Police and Crime Commissioner means that, notwithstanding any intention to cease the group and Police 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 Police and Crime Commissioner to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the group and Police and Crime Commissioner '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 group and Police and Crime Commissioner 's ability to continue as a going concern need to be made in the financial statements.

xv. The group and Police and Crime Commissioner has complied with all aspects of ring-fenced grants that could have a material effect on the group and Police and Crime Commissioner 's financial statements in the event of non-compliance.

Information Provided

xvi. 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 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. unrestricted access to persons within the group and Police and Crime Commissioner from whom you determined it necessary to obtain audit evidence.

xvii. We have communicated to you all deficiencies in internal control of which management is aware.

xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xix. 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.

xx. 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 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.

xxi. 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.

xxii. 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.

xxiii. We have disclosed to you the identity of the group and Police and Crime Commissioner 's related parties and all the related party relationships and transactions of which we are aware.

C. Management letter of representation – PCC

xxiv. 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

xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the group and Police 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

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

Approval

The contents of this letter of representation has been approved by the Police and Crime Commissioner for Lancashire.

Yours faithfully

Name……

Position……

Date……

Signed on behalf of the Police and Crime Commissioner

C. Management letter of representation – Chief Constable

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

[**date of letter**]

Dear Grant Thornton UK LLP

The Chief Constable of Lancashire Constabulary
Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of The Chief Constable of Lancashire Constabulary ("the Chief Constable") for the year ended 31 March 2025 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 2024-25 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 the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("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.

C. Management letter of representation – Chief Constable

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 International Accounting Standard 19 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:

- there are no unrecorded liabilities, actual or contingent;
- none of the assets of the Chief Constable has been assigned, pledged or mortgaged; and
- 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 misclassification and disclosures changes schedules included in your Audit Findings Report. The Chief Constable's financial statements have been amended for these misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiii. 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:

- 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;
- the financial reporting framework permits the Chief Constable to prepare its financial statements on the basis of the presumption set out under a) above; and
- 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

xiv. 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.

C. Management letter of representation – Chief Constable

Information Provided

xv. We have provided you with:

- 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;
- additional information that you have requested from us for the purpose of your audit; and
- access to persons within the Chief Constable from whom you determined it necessary to obtain audit evidence.

xvi. We have communicated to you all deficiencies in internal control of which management is aware.

xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xviii. 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.

xix. 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:

- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial statements.

xx. 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.

xxi. 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.

xxii. 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.

xxiii. 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

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

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 content of this letter has been approved by the Chief Constable of Lancashire Constabulary.

D. Audit opinion – PCC

Independent auditor's report to the Police and Crime Commissioner for Lancashire

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of the Police and Crime Commissioner for Lancashire (the 'Police and Crime Commissioner') and its subsidiary the Chief Constable (the 'group') for the year ended 31 March 2025, which comprise the PCC Group Comprehensive Income and Expenditure Statement, the PCC Single Entity Comprehensive Income and Expenditure Statement, the PCC Group Movement in Reserves Statement, the PCC Single Entity Movement in Reserves Statement, the PCC Group Balance Sheet, the PCC Single Entity Balance Sheet, the PCC Group Cash Flow Statement, the PCC Single Entity Cash Flow Statement and notes to the financial statements, including material accounting policy information, and including the police pension fund financial statements comprising the Police Pensions Account, Net Asset Statement and notes to the financial statement. 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 2024/25.

In our opinion, the financial statements:

give a true and fair view of the financial position of the group and of the Police and Crime Commissioner as at 31 March 2025 and of the group's expenditure and income and the Police 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 2024/25; 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 (2024) ("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 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 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 and Crime Commissioner and the group to cease to continue as a going concern.

D. Audit opinion – PCC

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 2024/25 that the Police 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 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 2024) 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 and Crime Commissioner and group and the Police 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 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's 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 November 2024 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 2024/25 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.

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D. Audit opinion – PCC

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 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;

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 and Crime Commissioner and the Chief Finance Officer

As explained more fully in the Statement of Responsibilities, the Police 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 2024/25, 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 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 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.

D. Audit opinion – PCC

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Police 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 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024, the Local Government Act 2003, the Police Reform and Social Responsibility Act 2011, the Public Service Pensions Act 2013, the Police Pension Fund Regulations 2006 and the Police Pensions Regulations 2015).
- We enquired of management and the Police and Crime Commissioner concerning the Police 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 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 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 management override of controls through inappropriate journal entries and management bias in the valuation of land and buildings and the defined benefit pension net asset or 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 journals posted by senior management or users with administrative access rights, material journals, large year-end journals, post year-end journals and year-end accruals;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings valuations and the net pension asset or 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 risks relating to management override of controls and management bias in estimating the valuation of land and buildings and the defined benefit pension net asset or liability. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

D. Audit opinion – PCC

- The engagement partner's assessment of the collective competence and capabilities of the group audit team members included consideration of:
  - 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 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 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 and Crime Commissioner and group's control environment, including the policies and procedures implemented by the Police 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. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Police 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 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 and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

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

Responsibilities of the Police and Crime Commissioner

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

D. Audit opinion – PCC

Auditor's responsibilities for the review of the Police 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 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 and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. 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 and Crime Commissioner plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Police and Crime Commissioner ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Police 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 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 and Crime Commissioner for Lancashire for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office that the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the Police 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 and Crime Commissioner those matters we are required to state to the Police 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 and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Green, Key Audit Partner

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

Manchester

[Date**]**

D. Audit opinion – Chief Constable

Independent auditor's report to the Chief Constable of Lancashire Constabulary

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of the Chief Constable of Lancashire Constabulary (the 'Chief Constable') for the year ended 31 March 2025, 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 material accounting policy information, and include the police pension fund financial statements comprising the Police Pensions Account and the Net Assets Statement and notes to the financial statement. 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 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2025 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 2024/25; 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 (2024) ("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 2024/25 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 2024) 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.

D. Audit opinion – Chief Constable

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 November 2024 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 2024/25, 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.

D. Audit opinion – Chief Constable

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.

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 Statement of Responsibilities for the Statement of Accounts, 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 2024/25, 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:

D. Audit opinion – Chief Constable

- 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 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Act 2024, the Local Government Act 2003, the Police Reform and Social Responsibility Act 2011, the Public Service Pensions Act 2013, the Police Pension Fund Regulations 2006 and the Police Pensions Regulations 2015).
- 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 to management override of controls through inappropriate journal entries and management bias in determining significant accounting estimates.
- 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: journals posted by senior management or users with administrative system access; material journals, year-end journals and accruals, and journals posted in the course of preparing the financial statements.
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of the net pension asset or liability position; 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 risks relating to management override of controls and management bias in estimating the valuation of the defined benefit pension net asset or liability. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

D. Audit opinion – Chief Constable

- The engagement partner's 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. This description forms part of our auditor's report.

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 2025.

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

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.

D. Audit opinion – Chief Constable

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 have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. 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 Lancashire Constabulary for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office that the audit of Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

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.

Michael Green, Key Audit Partner

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

Manchester

XX December 2025