

Derbyshire Police Audit Progress Report and Sector Update

Year ending 31 March 2025

July 2025



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Audit Progress Report

Introduction



Richard Anderson

Key Audit Partner

T:0121 812 7658

E richard.j.anderson@uk.gt.com:



Megan Hancox

Manager

T :0121 232 5255

E:Megan.Hancox@uk.gt.com

This paper provides the Joint Audit Risk and Assurance Committee (JARAC) with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the JARAC can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

[Local government | Grant Thornton](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Richard or Megan.

Progress at July 2025

Financial Statements Audit

We undertook our initial planning for the 2024/25 audit in March and presented our audit plan to the April JARAC meeting. We have completed some further interim audit work in April and June 2025.

Our interim fieldwork included:

- Updating our review of the Police and Crime Commissioner and Chief Constable's control environment
- Updating our understanding of financial systems
- Reviewing Internal Audit reports on core financial systems
- Understanding how the Police and Crime Commissioner and Chief Constable make material estimates for the financial statements.
- Selecting a sample of operating expense transactions for months 1-9.

In June 2025, our specialist IT auditors undertook an IT general control assessment of Unit 4 Agresso, which is the main financial reporting system. At the time of this report, this work is still in progress.

We are aware that the publication of the unaudited Statement of Accounts 2024/25 has been delayed as a result of the timing of internal governance processes which mean that the finalised 2024/25 Accounts will not be approved until 14th July 2025.

Our final accounts fieldwork will commence in September 2025 and run until December 2025. We are planning to have completed all audit work by the end of December 2025, which will be more than 2 months in advance of the backstop date of 27 February 2026.

Our detailed audit findings will be presented in our Audit Findings Report to the December JARAC meeting. Note the timing of our opinions will be dependent on us receiving assurances from the auditor of Derbyshire Pension Fund in relation to the local government pension scheme.

Value for Money

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

We aim to complete all 2024/25 value for money audit reviews by 30 November 2025.

Progress at July 2025 (cont.)

Meetings

We meet regularly with Finance Officers and continue to be in discussions regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Police and Crime Commissioner and Chief Constable. Your officers attended our Accounts Workshop in March 2025, where we highlighted financial reporting requirements for the 2024/25 accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Police and Crime Commissioner, Chief Constable and JARAC members are set out in our Sector Update section of this report.

Audit Fees

PSAA have published their scale fees for 2024/25. These fees are £106,434 for the Police and Crime Commissioner and £55,972 for the Chief Constable. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.



Audit Deliverables

Below are the key audit deliverables planned for 2024/25

2024/25 Deliverables	Planned Date*	Status
Accounts Joint Audit Plan We are required to issue a detailed accounts joint audit plan to the JARAC setting out our proposed approach in order to give our opinions on the 2024/25 financial statements.	April 2025	Issued
Joint Audit Findings (ISA260) Report The Joint Audit Findings Report will be reported to the December JARAC.	December 2025	Not due yet
Auditor’s Annual Report The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor’s Annual Report (AAR).	November 2025	Not due yet
Auditors Reports These are the opinions on your financial statements and annual governance statements.	December 2025	Not due yet

Policing Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up-to-date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logo below:



Grant Thornton Publications
Insights from sector specialists
Accounting and regulatory updates



A force management statement (FMS) is a self-assessment that chief constables (and London equivalents) prepare and submit to His Majesty's Inspectorate of Constabulary and Fire & Rescue Services each year.

In this document, HMICFRS outline the findings from their assessment of around 60 percent of FMSs in England and Wales in 2024. This includes an outline of 12 high-level learning points and HMICFRS' assessment against these. HMICFRS also share advice and good practice examples.

The full report can be found [here](#).

Investing in tech would free up 15 million hours of police time

As police chiefs set out their strategy for use of data and digital technology over the next five years, they make the case for government investment to enable police to roll out technology that has been successfully trialled across England and Wales.

The independent Policing Productivity Review of forces in England and Wales reported examples of science and technology driving productivity. The Office of the Chief Scientific Adviser to Policing estimates that these projects saved 347,656 of workforce hours per year and led to direct savings of £8.2 million a year in costs. If they were scaled nationally, and similar gains were made in all 43 forces, potentially up to 15 million hours, worth £370m per year, could be saved and reallocated each year.

The full report can be found [here](#).

HMICFRS



The effective investigation of crime is fundamental to the legitimacy of policing and to public confidence. It is integral to the concept of policing by consent. The service provided to victims directly affects the level of public trust and confidence in policing and the wider criminal justice system. It also influences how safe people feel and it prevents future offending.

When a crime is reported, the public have a right to expect that the police will record and investigate it effectively. They also have a right to expect that the service they receive includes regular updates, and that it is consistent with the rights contained in the Code of Practice for Victims of Crime.

Therefore, as part of our 2022–25 programme of inspections, HMICFRS have inspected how effectively the police investigate crime.

The full report can be found [here](#).

Wider sector updates

A briefing for audit committees on the wider sector updates across Public Sector Audit, Financial Reporting and the responsibilities of Audit Committee members

Challenges faced in implementing IFRS 16 (1)

IFRS 16 is an international accounting standard that changes how leases are reported in financial statements. It requires organisations to bring most leases onto the balance sheet, recognising both a right-of-use asset (the value of the leased item) and a lease liability (the obligation to make future lease payments). This change improves transparency by more comprehensively reporting the extent of an organisation's leasing commitments on the balance sheet. It replaces the previous distinction between operating and finance leases for lessees under IAS 17.

In the UK public sector, IFRS 16 is adopted through the CIPFA Code of Practice on Local Authority Accounting. After several deferrals, it is now mandatory for local authorities and police authorities from 1 April 2024, impacting the 2024/25 financial year.

As local authorities and police authorities prepare their 2024/25 financial statements and apply IFRS16 for the first time, several areas are proving particularly challenging. These challenges are not just technical — they have implications for governance, transparency, and the accuracy of financial reporting. The JARAC plays a key role in providing oversight and assurance. The table below sets out some areas which can present difficulties, along with suggested questions for finance teams and JARAC to consider.

Area of difficulty	Description	Challenge questions to ask the Finance team
Completeness of lease records	<p>One of the most fundamental requirements of IFRS 16 is that all lease arrangements must be identified and recorded. This includes not only formal lease contracts but also informal or embedded leases that may be part of broader service agreements.</p> <p>Many authorities conducted a one-off review of leases as they prepared for the transition but without ongoing processes, there is a risk that new leases entered into during the year may not be captured.</p> <p>This could result in incomplete or inaccurate entries in the financial statements.</p>	<p>(a) How does the finance team ensure that all lease agreements, including those entered after the initial review, are identified and properly recorded?</p> <p>(b) What approach does the finance team take to work with other departments in identifying and reporting lease arrangements, especially those that might be informal or embedded in other contracts?</p> <p>(c) What processes or controls are in place to keep the lease register accurate and up to date throughout the year?</p>

Challenges faced in implementing IFRS 16 (2)

Area of difficulty	Description	Challenge question to ask the Finance team
<p>Holdover leases (expired leases still in use)</p>	<p>In some cases, a property lease agreement may have ended but the authority continues to occupy and use the premises. These are known as holdover leases.</p> <p>The challenge here is determining whether the continued use of the asset creates a new lease under IFRS 16. This depends on whether there are still enforceable rights and obligations between the authority and the landlord. Making this assessment often requires legal judgment and careful documentation.</p> <p>The most challenging aspect of holdover leases is determining the lease term. Management must consider whether there is an implied contract, the term of the arrangement, and whether there are any continuing enforceable rights or obligations, as well as any significant costs or penalties from terminating the arrangement.</p>	<p>(a) Have any holdover leases been identified, and how has the finance team assessed whether these should be treated as leases under IFRS 16?</p> <p>(b) Where there was uncertainty, has legal advice been sought, and are the assumptions and judgments clearly documented?</p> <p>(c) What approach has been taken to determine the lease term for agreements that are open-ended or automatically renew?</p>
<p>Peppercorn or nominal rent leases</p>	<p>Some leases involve little or no payment — for example, a community building leased for £1 per year. These are known as peppercorn leases.</p> <p>Even though the payments are minimal, IFRS 16 requires the body to recognise a right-of-use asset on its balance sheet at fair value. This can be difficult, especially if there is no recent valuation or if the asset is unique.</p>	<p>(a) Have any lease arrangements been identified where the payments are nominal or zero? If so, how have these been assessed under IFRS 16?</p> <p>(b) What process has been followed to determine the fair value of the right-of-use assets in these cases?</p> <p>(c) Is there sufficient documentation and evidence to support the valuation approach taken?</p>

Challenges faced in implementing IFRS 16 (3)

Area of difficulty	Description	Challenge question to ask the Finance team
Lease modelling and use of external advisors	<p>Some bodies have relied on external advisors to calculate the lease liabilities and right-of-use assets required under IFRS 16.</p> <p>While this can be helpful, it has created challenges where the advisors have not provided the underlying data or assumptions used in the calculations. Without this information, it becomes difficult for the finance team to explain or support the figures in the accounts.</p>	<p>(a) Have external advisors been involved in the lease accounting process, and if so, do they have access to the detailed inputs and assumptions used in the calculations?</p> <p>(b) Can the finance team fully explain and support the lease figures presented in the financial statements?</p> <p>(c) What documentation and internal checks are in place to ensure the accuracy and completeness of lease calculations and disclosures?</p>
Variable lease payments linked to indices or rates	<p>Some lease payments vary based on inflation or other financial indices. For example, a lease might include annual increases linked to the Consumer Prices Index (CPI).</p> <p>Under IFRS 16, the authority must estimate future payments based on known changes to these indices. This requires careful judgment and can affect the accuracy of the lease liability recorded.</p>	<p>(a) How has the finance team addressed lease arrangements that include variable payments?</p> <p>(b) Have known changes to inflation rates or other relevant indices been factored into the lease calculations, and how has this been documented?</p>

Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

Public Sector Internal Audit Standards

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

Financial Management Code

<https://www.cipfa.org/fmcode>

Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>



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