



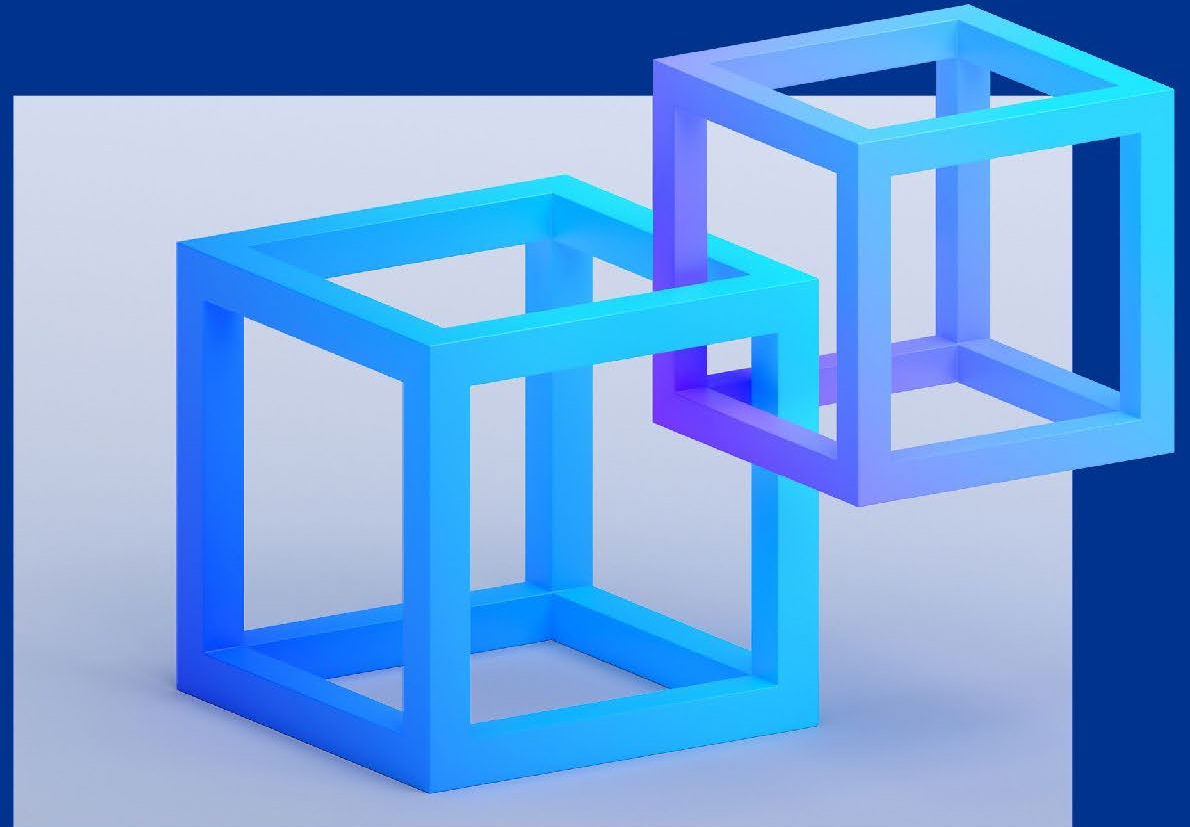
# The Police and Crime Commissioner for Cambridgeshire and Peterborough and the Chief Constable of Cambridgeshire Constabulary

Year End Report to the Joint Audit Committee for  
the year ended 31 March 2025

Year end report for the year ended 31 March 2025

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February 2026



# Introduction

## To the Joint Audit Committee of The Police and Crime Commissioner for Cambridgeshire and Peterborough and the Chief Constable of Cambridgeshire Constabulary

We are pleased to have the opportunity to meet with you to discuss the findings and key issues arising from our audit of the consolidated financial statements of The Police and Crime Commissioner for Cambridgeshire and Peterborough and the Chief Constable of Cambridgeshire Constabulary, known in their report as “The Group” as at and for the year ended 31 March 2025.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan and strategy report, presented on 1 May 2025. We will be pleased to elaborate on the matters covered in this report when we meet.

### How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define ‘audit quality’ as being the outcome when:

- Audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality management; and,
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG’s work, in the first instance you should contact Richard Lee ([Richard.Lee@KPMG.co.uk](mailto:Richard.Lee@KPMG.co.uk)), the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with the response, please contact the national lead partner for all of KPMG’s work under our contract with Public Sector Audit Appointments Limited, Tim Cutler ([tim.culter@kpmg.co.uk](mailto:tim.culter@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access KPMG’s complaints process here: [Complaints](#).

### The engagement team

Subject to the approval of the statement of accounts, we expect to be in a position to sign our audit report on the approval of those statement of accounts and auditor’s representation letter, provided that the outstanding matters noted on page 6 of this report are satisfactorily resolved.

There have been no significant changes to our audit plan and strategy.

We draw your attention to the important notice on page 3 of this report, which explains:

- The purpose of this report
- Limitations on work performed
- Status of our audit and the implications of the statutory backstop.

Yours sincerely,



27 February 2026

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# Important notice

**This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract.**

The content of this report is based solely on the procedures necessary for our audit.

## **Purpose of this report**

This Report has been prepared in connection with our audit of the consolidated and standalone financial statements The Police and Crime Commissioner for Cambridgeshire and Peterborough and the Chief Constable of Cambridgeshire Constabulary for the year ended 31 March 2025.

This Report has been prepared for the Group's Joint Audit Committee, a sub-group of those charged with governance, in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

This report summarises the key issues identified during our audit.

## **Limitations on work performed**

This Report is separate from our audit report and does not provide an additional opinion on the Group's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit (to the extent it has been possible in the context of our disclaimer of opinion.

## **Status of our audit and the implications of the statutory backstop**

Page 4: 'The statutory backstop and rebuilding assurance' explains the impact of the statutory backstop and our resulting conclusion to issue a disclaimer opinion on the financial statements

While we are disclaiming our audit opinion on the financial statements, we are still required to identify our audit findings based on the work performed. We have identified findings as reported in our report.

Our audit is not yet complete, and matters communicated in this Report may change pending signature of our audit report. We will provide an oral update on the status. Page 6 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be discussed with you before our audit report is signed.

# The statutory backstop and rebuilding assurance

## Background

The Government has introduced measures to resolve the legacy local government financial reporting and audit backlog.

Last year, amendments were made to the Accounts and Audit Regulations and NAO's Code of Audit Practice which introduced the requirement for audit reports in respect of any open, incomplete audits up to the period ending 31 March 2023 to be published by 13 December 2024. It also introduced a statutory back stop date of 28 February 2025 for the 2023/24 audit. For the Group this had the impact of 3 disclaimers of opinion issued by your predecessor auditor for 2020/21 financial years up to and including 2022/23. We then issued a disclaimer of opinion for 2023/24 on 26/02/2025 to comply with the statutory backstop date for the reasons set out in our Basis of Disclaimer Opinion below.

Work has been ongoing in the sector to develop guidance to help support appropriate audit procedures for audits where further work is required to build back assurance. In addition to Local Audit Rest and Recovery Implementation Guidance (LARRIGs) that were published in 2024 by the NAO, further guidance has now been published by the NAO LARRIG) 06 - Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions (e.g reserves balances where a disclaimer has been previously issued). We note the LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England.

## The 2023/24 audit

In our *Basis of Disclaimer Opinion* section of our audit report in 2023/24 we reported:

The Accounts and Audit (Amendment) Regulations 2024 (the "Amendment Regulations") require the Commissioner to publish its financial statements and our opinion thereon for the year ended 31 March 2024 by 28 February 2025 (the "Backstop Date").

We have been unable to obtain sufficient appropriate audit evidence over a number of areas of the financial statements as we have been unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. These areas were the carrying value of property, plant and equipment; short term accumulating absences included within short term creditors; the disclosures of Officers' Remuneration, Exit Packages and Senior Officers and Relevant Police Officers Remuneration; the disclosures in the Police Pension Fund Accounting Statement; and the balance of, and movements in, usable and unusable reserves for the year ended 31 March 2024 in relation to both the Group and the Commissioner.

In addition, we have been unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2023 due to the Backstop Date. Therefore, we were unable to determine whether any adjustments were necessary to the opening balances as at 1 April 2023 or whether there were any consequential effects on the Group's and the Commissioner's income and expenditure for the year ended 31 March 2024.

Any adjustments from the above matters would have a consequential effect on the Group's and the Commissioner's net assets and the split between usable reserves and unusable reserves as at 31 March 2024 and 31 March 2023, and on their income and expenditure and cash flows for the years then ended.

## The 2024/25 audit

On Page 5, we set out what work we have been able and not been able to complete in respect of the 2024/25 financial statements as being able to audit the closing balance sheet is an essential element of rebuilding assurance.

In addition during the 2024/25 audit we have started our rebuilding assurance risk assessment. Once this is complete we will report separately the findings along with the period of time we will take to complete this work if the findings indicate it is possible to rebuild assurance.

# The statutory backstop and rebuilding assurance

## Impact on our audit report on the financial statements

Given our work to rebuild assurance is not complete and due to the statutory backstop date of 27 February 2026, we have determined that there is insufficient time to obtain sufficient appropriate audit evidence over the split of useable and unusable reserves as at 31 March 2025 or 31 March 2024 ahead of the backstop, and, in our view, this is pervasive to the Group's financial position as at 31 March 2025.

Further to this there are a number of areas of the financial statements where we have determined we will be unable to obtain sufficient appropriate audit evidence, as we will be unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. These are detailed on this slide in section 'Work Complete in 2024/25'.

As a result of the pervasiveness of the above, we intend to issue a disclaimer of opinion on the financial statements as a whole.

## Other matters

As required by the ISAs (UK) when we are disclaiming our audit opinion on the financial statements as a whole, our audit report will not report on other matters that we would usually report on, most notably the use of the going concern assumption in the preparation of the financial statements; the extent to which our audit was considered capable of detecting irregularities, including fraud; and whether there are material misstatements in the other information presented within the Statement of Accounts.

Although we are disclaiming our audit opinion we have, in this report, reported matters that have come to our attention and, where appropriate, we intend to include in our audit report.

## Value for Money

The amendments to the Accounts and Audit Regulations do not impact on our responsibilities in relation to the Group's Value for Money arrangements, specifically we are responsible for reporting if we have identified any significant weaknesses in the arrangements that have been made by the Group to secure economy, efficiency and effectiveness in its use of resources. We also provide a summary of our findings in the commentary in this report.

Page 15 provides a summary of our findings. Further details are also available in our Auditor's Annual Report for 2024/25.

## Work completed in 2024/25

Our audit plan, set out our audit approach including our significant risks and other audit risks. We have updated our response to those significant risks in the pages overleaf, identifying the work we have and have not been able to complete.

Although we will be issuing a disclaimer of opinion, we have reported matters that have come to our attention during the audit and, where appropriate, we intend to include in our audit report. Our audit is not yet complete. The status below sets out the current status of our work. We will provide an oral update on the status at the Committee meeting. Our conclusions will be discussed with you before our audit report is signed.

We have been unable to complete our work on a number of areas, including, but not limited to the following areas:

- Split of usable and unusable reserves for the year ended 31 March 2025;
- Other work areas: Employee benefit expenses, Income from fees and charges, government grants income Disclosure Checklist;
- The disclosed comparative figures for the Group's income and expenditure for the year ended 31 March 2024, and the comparative figures in the balance sheet as at 31 March 2024 as disclosed in the 'Basis of Disclaimer Opinion' section of our 2023/24 audit report.

# Our audit findings

While we are disclaiming our audit opinion on the financial statements, we are still required to identify our audit findings based on the work performed.

Significant audit risks	
Significant audit risks	Our findings
Valuation of post-retirement benefit obligations	We completed our planned procedures over the significant risk and we did not identify any material misstatements relating to this area. We identified two audit misstatements relating to the allocation of IFRIC 14 adjustments and amount of benefits paid (and the corresponding impact on the pension disclosures).
Management override of controls	Our final procedures in respect of this risk are complete. We have not identified any instances of management override of controls, however we have raised a control deficiency over the posting of journals.

Misstatements in respect of Disclosures		Number of Control deficiencies
Misstatement in respect of Disclosures	Our findings	
Expenditure and Income Analysed by Nature	We noted a misclassification of income between Income from Fees and Charges and Government Grants, with a nil overall impact on the statement of comprehensive income.	Other control deficiencies 2
Accounting Policies	We noted the omission or incorrect contents of required accounting policies. This has been corrected by management.	
Financing and Investing Income	We noted a misclassification of lease interest, which was within “interest payable on similar charge” rather than “financing and investing income”. This has been corrected by management.	
Financial instruments	We noted a difference between Current Debtors amortised cost and the debtors breakdown. This has been corrected by management.	
Prior Year – Police Pension Scheme	The entity incorrectly presented the cashflow movements for the unfunded PPS within a reconciliation of gross assets for 23/24. This has been restated by management in correction.	
Prior Year - LGPS	The entity incorrectly presented the LGPS IFRIC 14 adjustment within the gross reconciliation of liabilities, which is not in line with the requirements of the standards in 23/24. This has been restated by management in correction.	
Pension Top Up Grant	We noted an inconsistency between in the pension top-up grant disclosed within the full notes in 23/2 and 24/25. This has been restated by management in correction for 23/24 and corrected in 24/25.	



# Audit risks and our audit approach

## 1 Management override of controls<sup>(a)(b)</sup>

Fraud risk related to unpredictable way management override of controls may occur



### Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.

Note:

(a) Significant risk that professional standards require us to assess in all cases.

(b) This risk is applicable for both PCC and CC



### Our response

Our audit methodology incorporates the risk of management override as a default significant risk.

- We evaluated accounting estimates and have not identified any indicators of management bias in these, nor did we identify any significant unusual transactions that impacted both our assessed response to this area or significant risk.
- We assessed the selection and application of accounting policies.
- In line with our methodology, evaluated the design and implementation of controls over journal entries and post-closing adjustments.
- We assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- We assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the Groups normal course of business or are otherwise unusual.
- We analysed all journals through the year and focus our testing on those with a higher risk, such as journals posted to unusual accounts in combination with cash.

# Audit risks and our audit approach (cont.)

## 1 Management override of controls(cont.)<sup>(a)(b)</sup>

Fraud risk related to unpredictable way management override of controls may occur



### Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.



### Our findings

While we are disclaiming our audit opinion on the financial statements, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

- We observed that there is no formal IT process to ensure segregation of duties over journal postings and authorization. Although management reviews journal postings, there is no enforced segregation of duties.
- We identified 8 high-risk journal entries and other adjustments. Among these, 1 journal incorrectly credited expenditure instead of income due to a transposition error in the account code.
- Additionally, during our screening procedures, we found 9 instances of miscodes between income and expenditure codes. We considered whether these errors indicate management override of controls. These errors, caused by misinterpretation of account descriptions or transposition errors, indicate that management's review of journal posting is insufficient.
- In response to these findings, we have raised a recommendation on Page 24.
- Our procedures did not identify any significant unusual transactions. We have no other issues to report as a result of our work.

Note:

(a) Significant risk that professional standards require us to assess in all cases.

(b) This risk is applicable for both PCC and CC

# Audit risks and our audit approach

2

## Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



### Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Entity's pension liability could have a significant effect on the financial position of the Entity.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Entity in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: The Police Pension Scheme and the Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus and minimum funding are complicated and requires actuarial involvement.
- *Note: This risk is not applicable for PCC*



### Our response

We have performed the following procedures :

- Understood the processes the Entity has in place to set the assumptions used in the valuation;
- Evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Performed inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agreed the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluated the design and implementation of controls in place for the Entity to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirmed that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Considered the adequacy of the Entity's disclosures in respect of the sensitivity to these assumptions; and
- Where applicable, assessed the level of surplus or minimum funding that should be recognised by the entity.

Key:

 Prior year  Current year

# Audit risks and our audit approach (cont.)

2

## Valuation of post retirement benefit obligations (cont.)

An inappropriate amount is estimated and recorded for the defined benefit obligation



### Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Entity's pension liability could have a significant effect on the financial position of the Entity.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Entity in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: The Police Pension Scheme and the Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus and minimum funding are complicated and requires actuarial involvement.
- *Note: This risk is not applicable for PCC*



### Our findings

While we are disclaiming our audit opinion on the financial statements, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

- As in the prior year, we were unable to identify a suitable and formal management control in respect of key assumptions and inputs that would address the risk that inappropriate assumptions and information have been used by the actuary when calculating the defined benefit obligation. Management believes that the controls in place are sufficient, but we will report if there are any significant process changes in future periods.
- For the Police Pension Scheme, our specialists have assessed the overall assumptions used by the actuary to be balanced and within a reasonable range. All of the individual assumptions were assessed to be balanced with the exception of future improvements to mortality which was assessed to be cautious, but within reasonable range. As all of the assumptions are within range and differences are due to approach rather than an error, we have not requested that an amendment is made to the reported balance.
- For the Local Government Pension Scheme, our specialists have assessed the overall assumptions used by the actuary to be balanced and within a reasonable range. All of the individual assumptions were assessed to be balanced with the exception of future improvements to mortality which was assessed to be cautious, but within reasonable range. As all of the assumptions are within range and differences are due to approach rather than an error, we have not requested that an amendment is made to the reported balance.

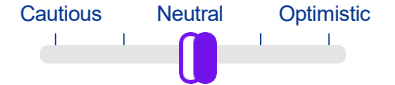
Key:  
 Prior year Current year



# Audit risks and our audit approach (cont.)

## 2 Valuation of post retirement benefit obligations (cont.)

An inappropriate amount is estimated and recorded for the defined benefit obligation



### Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Entity's pension liability could have a significant effect on the financial position of the Entity.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Entity in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: The Police Pension Scheme and the Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus and minimum funding are complicated and requires actuarial involvement.
- *Note: This risk is not applicable for PCC*

(cont.)



### Our findings

- We identified errors in the classification of an IFRIC 14 adjustment relating to minimum funding obligations. The Chief Constable and Police and Crime Commissioner is committed to making deficit contributions in respect of past service to the LGPS with a present value of £106.3m. This additional liability was recorded against Police Staff and Pay Allowances, rather than within Other Comprehensive Income. This additional liability was also recorded in the accounts against the gross valuation of pension liabilities, rather than against the net surplus or deficit. These errors have been corrected in the final version of the accounts and management has also restated the prior year comparative balances for the same issue. We are currently awaiting approval from our professional practice team in relation to the prior year restatement.
- We identified a presentational adjustment in respect of a gross assets reconciliation being included for the unfunded Police Pension Scheme. This is being removed with appropriate narrative disclosures added to explain the change.
- In addition, we identified an error in relation to the amounts of benefits paid. This was originally based on an estimated figure taken from the IAS19 report but has been updated following confirmation from the Fund of the actual amount. Details of this adjustment are included on page 23.

Key:  
 Prior year Current year



# Key accounting estimates and management judgements- Overview

## Our view of management judgement

Our views on management judgements with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.



Asset/liability class	Our view of management judgement	Balance (£k)	YoY change (£k)	Our view of disclosure of judgements & estimates	Further comments
<b>LGPS defined benefit obligation (gross liability)</b>		<b>180,568</b>	<b>30,348</b>		<p>No indication of management bias has been identified from our testing. The valuation is deferred to the LGPS Actuary who provide a report containing the IAS 19 balances and disclosures.</p> <p>The gross LGPS liability of £180,568k has been audited as a significant risk. The LGPS assets and IFRIC 14 adjustment are not considered significant risks.</p>
<b>Police pension scheme defined benefit obligation (unfunded)</b>		<b>1,093,520</b>	<b>(118,270)</b>		<p>No indication of management bias has been identified from our testing. The valuation is deferred to the Government Actuary who provide a report containing the IAS 19 balances and disclosures.</p> <p>The gross PPS liability of £1,093,520k has been audited as a significant risk. The scheme is unfunded and therefore there are no assets or IFRIC 14 adjustment to audit.</p>

# Other matters

## Narrative report

As Joint Audit Committee members you confirm that you consider that the Narrative Report, including the Annual Governance Statement, and financial statements taken as a whole are fair, balanced and understandable and provides the information necessary for regulators and other stakeholders to assess the Constabulary's performance, model and strategy.

Our responsibility is to read the other information, which comprises the information included in the Statement of Accounts other than the financial statements and our auditor's report thereon and, in doing so, consider whether, based on our financial statements audit work, the other information is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matters leading to our disclaimer of opinion, and the possible consequential effect on the related disclosures in the other information, whilst in our opinion the other information included in the Statement of Accounts is consistent with the financial statements, we expect to be unable to determine whether there are material misstatements in the other information.

## Annual Governance Statement

We have reviewed the PCC's and CC's 2024/25 Annual Governance Statement and based on testing performed to date, we confirmed that:

It complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and

It is not misleading and is consistent with other information we are aware of from our audit of the financial statements.

## Whole of Government Accounts

As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack.

We are yet to receive instructions from NAO regarding WGA.

## Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

## Audit Fees

We have set out audit fees, as set by PSAA and fee variations on page 19

We have not completed any non-audit work at the Group during the year.

**01**

# **Value for money**

# Value for Money

**We are required under the Audit Code of Practice to confirm whether we have identified any significant weaknesses in the Group's arrangements for securing economy, efficiency and effectiveness in its use of resources.**

In discharging these responsibilities we include a statement within our audit report on your accounts to confirm whether we have identified any significant weaknesses. We also prepare a commentary on your arrangements that is included within our Auditor's Annual Report, which is required to be published on your website alongside your annual report and accounts.

## Commentary on arrangements

We have prepared our Auditor's Annual Report and a copy of the report is included within the papers for the Committee alongside this report. The report is required to be published on your website alongside the publication of the annual report and accounts.

## Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
Financial sustainability	No significant risks identified	No significant weaknesses identified
Governance	One significant risk identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness		No significant weaknesses identified

Further details are set out in our Auditor's Annual Report.

# Significant Value for Money Risk

1

## HMICFRS PEEL Assessment findings

Risk that value for money arrangements may contain a significant weakness linked to governance, improve economics, efficiency and effectiveness

### Significant Value for Money Risk

From inspection of the most recent PEEL Assessment, two areas are highlighted as “Inadequate”.

Whilst one has since been removed as a cause for concern, the other remains, citing call pick-up and call response times as factors of concern.

Without improvement this could lead to a significant impact on the quality and effectiveness of the services the Group delivers.

### Our response

We performed the following actions:

- We gained an understanding of the governance arrangements in place to respond to the inspection report, including identifying key actions, ensuring they are responded to, and that actions are regularly followed up with responsible individuals and due dates;
- We gained an understanding of how the Group works with the inspectorate to assess progress made;
- We gained an understanding of how identified key actions relating to the improvement of services provided are fed into the budget setting process.

### Our findings

#### Findings

We have noted that the Service have developed action plan for the PEEL inspection report which was managed via the Business Assurance Meeting. The annual improvement plan was presented to the Business Coordination Board. We noted that there is sufficient details disclosed in the 24/25 Annual Governance Statement for the Chief Constable. As such, we do not make a recommendation on this.

We inspected the 2025-26 MTFS and noted that the budget considered the PEEL inspection finding from operational perspective. As per the action plan the Group also plan to improve respond to the public finding by utilising new technology and this is budgeted within the 2025-26 MTFS

#### Conclusion

Based on the testing performed, we have not identified any significant weaknesses in arrangement.

# Appendix

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# Required communications

Type	Response
<b>Our draft management representation letter</b>	<input checked="" type="checkbox"/> OK We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2025.
<b>Adjusted audit differences</b>	<input checked="" type="checkbox"/> OK We identified three adjusted audit differences.
<b>Unadjusted audit differences</b>	<input checked="" type="checkbox"/> OK We identified one uncorrected audit difference.
<b>Related parties</b>	<input checked="" type="checkbox"/> OK There were no significant matters that arose during the audit in connection with the entity's related parties.
<b>Other matters warranting attention by the Audit Committee</b>	<input checked="" type="checkbox"/> OK There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
<b>Control deficiencies</b>	<input checked="" type="checkbox"/> OK We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing.
<b>Actual or suspected fraud, noncompliance with laws or regulations or illegal acts</b>	<input checked="" type="checkbox"/> OK No actual or suspected fraud involving Group management, employees with significant roles in group-wide internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
<b>Issue a report in the public interest</b>	<input checked="" type="checkbox"/> OK We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.

Type	Response
<b>Significant difficulties</b>	<input checked="" type="checkbox"/> OK No significant difficulties were encountered during the audit
<b>Modifications to auditor's report</b>	<input checked="" type="checkbox"/> OK Our audit opinion will be disclaimed.
<b>Disagreements with management or scope limitations</b>	<input checked="" type="checkbox"/> OK The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
<b>Other information</b>	<input checked="" type="checkbox"/> OK No material inconsistencies were identified related to other information in the statement of accounts.
<b>Breaches of independence</b>	<input checked="" type="checkbox"/> OK No matters to report. The engagement team and others in the firm, as appropriate, the firm and, when applicable, KPMG member firms have complied with relevant ethical requirements regarding independence.
<b>Accounting practices</b>	<input checked="" type="checkbox"/> OK Over the course of our audit, we have evaluated the appropriateness of the Group's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
<b>Significant matters discussed or subject to correspondence with management</b>	<input checked="" type="checkbox"/> OK No significant matters arising from the audit were discussed, or subject to correspondence, with management.
<b>Certify the audit as complete</b>	<input checked="" type="checkbox"/> X OK We will issue our certificate once we have received confirmation from the National Audit Office that their audit of the Whole of Government Accounts is complete and therefore all our work in respect of the Authority's Whole of Government Accounts consolidation pack is complete.
<b>Whole of government accounts</b>	<input checked="" type="checkbox"/> X OK As the Group is below the reporting threshold we will not have to provide this report. As noted on page 13, we are not able to finalise our work in this area.

# Fees

## Audit fee

Our fees for the year ending 31 March 2025 are set out in the table below (note all fees are exclusive of VAT).

Police and Crime Commissioner	2024/25 (£)	2023/24 (£)
Scale Fee as set by PSAA	96,958	107,092
Amount of scale fee to be charged for the work completed	96,958	107,092
Overrun fee variation*	5,543	-
Disclaimer fee variation*	5,023	-
Value for money significant risk for Police and Crime Commissioner for Cambridgeshire*	4,080	-
IFRS 16 fee variation*	2,442	-
<b>TOTAL FEE PAYABLE</b>	<b>114,044</b>	<b>107,092</b>

Chief Constable	2024/25 (£)	2023/24 (£)
Scale fee as set by PSAA	53,510	59,746
Amount of scale fee to be charged for the work completed	53,510	59,746
Overrun fee variation*	1,848	-
Disclaimer fee variation*	3,584	-
Value for money significant risk for Chief Constable of Cambridgeshire*	1,360	-
<b>TOTAL FEE PAYABLE</b>	<b>60,302</b>	<b>59,746</b>

\* Subject to PSAA approval

## Billing arrangements

- Fees have been billed in accordance with the milestone completion phasing that has been communicated by the PSAA.
- Note some fees are subject to PSSA determination and will therefore be confirmed on that determination

# Confirmation of Independence

**We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.**

## To the Audit and Risk Committee members

### Assessment of our objectivity and independence as auditor of [entity name]

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

### General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity except for those detailed below where additional safeguards are in place.

### Independence and objectivity considerations relating to the provision of non-audit services

#### Summary of non-audit services

There are no non-audit services applicable.

# Confirmation of Independence (cont.)

## Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

## Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0:1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

## Application of the FRC Ethical Standard 2019

Your previous auditors will have communicated to you the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

## Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

## Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

# Uncorrected audit misstatements

Given we are disclaiming our audit opinion as described on page 4 there may be other audit misstatements our audit procedures would have identified if we completed our audit procedures as initially planned. In this section, we have reported uncorrected audit misstatements that we have identified.

Under UK auditing standards (ISA (UK) 260) we are required to provide the Joint Audit Committee with a summary of uncorrected audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. We did not identify any uncorrected audit misstatements beyond our reporting threshold.

Uncorrected audit misstatements (£'000s)				
No.	Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
1	Movement on reserves		(181.8)	At the time of the draft accounts, only three of the Councils collection fund amounts were known by the Force. Amounts for the remaining councils were estimated based on the prior year. This is the difference between the estimate and actual position which was communicated after the draft accounts were prepared. This has not been reflected in the accounts.
	Other comprehensive income	181.8		
<b>Total</b>		<b>181.8</b>	<b>(181.8)</b>	

# Corrected audit misstatements

Given we are disclaiming our audit opinion as described on page 4 there may be other audit misstatements our audit procedures would have identified if we completed our audit procedures as initially planned. In this section, we have reported corrected audit misstatements that we have identified.

Under UK auditing standards (ISA (UK) 260) we are required to provide the Joint Audit Committee with a summary of corrected audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements.

Corrected audit misstatements (£'000s)				
No.	Detail	SOCI Dr/(cr)	SOPF Dr/(cr)	Comments
1	Dr Other Comprehensive Income Cr Police Staff Pay and Allowances Dr Gross defined benefit obligations Cr Net defined benefit obligations	£106,290 (£106,290) - -	- £106,290 (£106,290)	- We identified issues with the classification of an IFRIC 14 adjustment with respect to minimum funding obligations. The Chief Constable and Police and Crime Commissioner is committed to making deficit contributions in respect of past service to the LGPS with a present value of £106.3m (CC £103.5 and PCC £2.8) . However, this additional liability was recorded against Police Staff and Pay Allowances, rather than within Other Comprehensive Income. This additional liability was also recorded in the accounts against the gross valuation of pension liabilities, rather than against the net surplus or deficit. There is therefore a reallocation within the breakdown of the SOCI, and a reallocation within the full pensions note, but not on the face of the SOPF itself.
2	Dr Income from Fees and Charges Cr Government Grants and Contributions	£4,730 (£4,730)	- -	- We identified an issue within our Income from Fees and Charges testing that showed revenue from Government Grants had been misclassified as Fees and Charges, therefore overstating Fees and Charges and understating Government Grants. As this relates to the classification of income, the overall net impact on the accounts is nil.
3	Gross present value of defined benefit obligations Gross fair value of plan assets	- -	1,046 (1,046)	Our testing procedures over the CC LGPS cashflows, identified that estimated benefits paid, including unfunded benefits per the IAS 19 report were £1,046k lower than the confirmation we received from the Fund. As benefits paid has an equal and opposite impact on gross assets and liabilities, these gross balances are both overstated. There is therefore no net impact on the face of the SOPF.
<b>Total</b>		-	-	

We have also identified three additional misstatements in relation to disclosures which have been detailed on page 6.

# Control Deficiencies

Although we are disclaiming our audit opinion we have reported recommendations as a result of our work in the current year are as follows:

## Priority rating for recommendations

- 1** **Priority one:** issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.
- 2** **Priority two:** issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.
- 3** **Priority three:** issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

#	Risk	Issue, Impact and Recommendation	Management Response
1	2	<p><b>Journal review process</b></p> <p>We noticed that there is no enforced segregation of duties in journal review process. In addition, we identified 9 instances of miscodes between income and expenditure code, as well as one relating to a transposition error of the account code. These errors had been made due to a misinterpretation of the account code, and the error had not been identified in management review.</p> <p>We recommend that all journal postings should be subject to segregation of duties. Evidence should be retained to demonstrate who prepared the journal and who approved the journal. Approval should be by an authorised more senior member of the team than the preparer. In addition, management should ensure that all journals are subject to a thorough and robust review process. This should involve reviewing each journal before it is posted to the ledger, ensuring that all supporting evidence has been subject to appropriate review.</p>	<p>Management Response:</p> <p>Management acknowledges the incorrect postings and has issued further communication to prevent recurrence. The E-Financials system has four main journal types: General Ledger, Budget, Cashbook, and ACT167. While the system lacks enforced segregation of duties, reviews are in place for general ledger and budget journals. An added review step will be introduced for GPC-related cashbook journals via the Finance Business Partner.</p> <p>Daily bank and investment entries cannot undergo the same check due to system limitations, but existing reconciliations and budget checks mitigate risk.</p> <p>Cambs Finance does not use ACT167, but it is used across Bedfordshire and Hertfordshire Finance and hence collaborated Cambs areas. Cambs will request that Bedfordshire and Hertfordshire colleagues do not use ACT167 function on the Cambs ledger. Hertfordshire and Bedfordshire Finance would like to maintain the use of this functionality themselves and will work with BCH Systems Admin to try and implement a change to the system to achieve the required segregation of duties.</p>
2	2	<p><b>Related parties</b></p> <p>We observed that there is no formal process in place to identify whether a related party transaction could occur when entering a new contract or arrangement.</p> <p>We recommend that management use the register of interests as a tool to identify potential related party transactions when entering new agreements and contracts. Evidence should be retained to demonstrate this control has operated effectively throughout the year.</p>	<p>Management Response:</p> <p>Business interests have been reviewed and approved by the Anti-Corruption Unit (ACU). The Finance Team currently carries out sample checks on higher-risk areas such as consultancy, training, IT, and property rental, comparing these against our supplier register and spend.</p> <p>The register however, currently doesn't store the business name in a separate field, a new model is being developed by ACU. Once in place, we will work with them and across BCH Finance &amp; Procurement to align the new supplier set up process across BCH.</p>



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