

**JOINT INDEPENDENT AUDIT COMMITTEE**

**MONDAY 25 SEPTEMBER 2023, 14:00 – 16:00**

**COLLINGWOOD MEETING ROOM, MIDDLE ENGINE LANE**

**AGENDA**

**OPEN SESSION**

- 1. INTRODUCTION**
- 2. DECLARATION OF INTEREST**
- 3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 17 JULY 2023**  
*(Attached)*
- 4. MATTERS ARISING**  
*(Action List attached)*
- 5. SUMMARY OF RECENT EXTERNAL INSPECTION, INVESTIGATION AND AUDIT REPORTS**  
Head of Corporate Development  
*(Paper attached)*
- 6. JOINT STRATEGIC RISK REPORT**  
Head of Corporate Development  
*(Paper attached)*
- 7. EXTERNAL AUDIT – AUDIT PLAN 2022/23**  
External Auditors  
*(Paper attached)*
- 8. EXTERNAL AUDIT 2021/22 - JOINT AUDIT FINDINGS REPORT (AFR) AND AUDITOR'S ANNUAL REPORT (AAR) (PCC & CC)**  
External Auditors  
*(Paper attached)*
- 9. DATE AND TIME OF NEXT MEETING**  
Monday 20<sup>th</sup> November, 2pm, Stephenson Room, Middle Engine Lane
- 10. EXCLUSION OF THE PRESS AND PUBLIC – EXEMPT BUSINESS**

The Committee is asked to pass a resolution to exclude the press and public from the meeting during consideration of the following items on the grounds indicated.



**NORTHUMBRIA  
POLICE**

<b>Agenda item number</b>	<b>Paragraph of Schedule 12A to the Local Government Act 1972</b>
11	7
12	7
13	7
14	7
15	7



**NORTHUMBRIA  
POLICE**

**NORTHUMBRIA POLICE MINUTES**

<b>Title</b>	<b>Meeting number</b>
Joint Independent Audit Committee (JIAC)	03/23

<b>Date</b>	<b>Location</b>	<b>Duration</b>
17 July 2023	Armstrong Room, Middle Engine Lane	14:00 – 14:55

**Present:**

<b>Committee Members:</b>	C Young K Amlani J Guy P Wood	Chair
<b>Officers:</b>	R Durham D Ford K Laing	Office of Police and Crime Commissioner (OPCC) Chief of Staff and Monitoring Officer Deputy Chief Constable (DCC) Joint Chief Finance Officer (CFO)
<b>Invitees:</b>	R Bowmaker P Godden A Gouldman G Thompson R Rooney	Internal Audit, Gateshead Council Head of Corporate Development External Audit, Grant Thornton Finance Lead, Corporate Finance and Governance Governance and Planning Adviser ( <i>Secretary</i> )
<b>Apologies</b>	L Griffiths J Lawson	External Audit, Grant Thornton Assistant Chief Officer, Corporate Services

**OPEN SESSION**

**1. INTRODUCTION**

The Chair opened the meeting.

**2. DECLARATION OF INTEREST**

No declarations of interest made.

**3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 26 MAY 2023**

Agreed as a true and accurate record.

**4. MATTERS ARISING**

Action list updated.

**5. SUMMARY OF RECENT EXTERNAL INSPECTION, INVESTIGATION AND AUDIT REPORTS**



Head of Corporate Development gave an overview of the report; 14 level 2 recommendations have been added to the portal since the previous JIAC.

J Guy raised a number of queries relating to: delay in completing recommendations reliant on implementation of NEC Connect; how the Force is performing against other forces regarding tackling serious youth violence; and if a deep dive into action taken by the Force in relation to the vetting, misconduct and misogyny inspection could be provided.

DCC confirmed a replacement product for Connect will go out to procurement in due course and an impact assessment has been completed following withdrawal from NEC; a further update will be provided on the status of the NPICCS refresh and replacement at the next meeting.

***Action: DCC to update on NPICCS replacement project at the September JIAC.***

Regarding serious youth violence, DCC updated there is still work to be done to improve further in this area, however links have been strengthened with the OPCC Violence Reduction Unit (VRU). A further update will be provided regarding serious youth violence at the next meeting.

***Action: DCC to update on progress made against serious youth violence recommendations at the September JIAC, including an update on the work of the VRU.***

DCC advised work concerning recommendations from the vetting, misconduct and misogyny inspection is progressing well. Additionally, the Force was recently subject to a vetting inspection; results and initial progress made will be reported to the Committee at the next meeting.

***Action: DCC to provide an update on the Northumbria Police vetting inspection at the September JIAC.***

P Wood noted the overall decline in public confidence in policing as captured within the State of Policing report, whilst acknowledging Northumbria Police has seen an improvement in this area. P Wood stated it may be useful if future reports provide further narrative relating to public confidence in the Force area as it is currently an area of high interest.

***Update noted.***

## **6. JOINT STRATEGIC RISK REPORT**

Head of Corporate Development explained the decision to withdraw from NEC has been reflected in the register; as a result the assessment of data quality risks has reduced from high to medium because of the removal of associated risks with implementation on data storage and audit and access capability. Head of Corporate Development advised the biggest risks in this area now lie in missed opportunities in not having a new system, however as per item five, work is progressing to refresh NPICCS whilst a new system is procured.

Head of Corporate Development noted the annual review of the Risk Register is underway; as part of this the Force is developing its Risk Appetite. OPCC Chief of Staff and Monitoring Officer advised the OPCC annual review has concluded, however the OPCC may consider a similar process of developing a Risk Appetite in future on review of the Force approach.

The Chair sought updates on risks relating to Crown Court backlogs following COVID-19 and the reduction in attraction and retention into the Force. DCC updated little progress has been made in reducing the Crown Court case backlog and issues remain in recruiting to specialist and technical roles. Joint CFO highlighted use of outsourcing and apprenticeships as some current control measures.

**Update noted.**

## **7. EXTERNAL AUDIT PROGRESS**

A Gouldman advised assurances from the auditor of Tyne and Wear Pension Fund (TWPF) are awaited regarding the triennial valuation of the pension fund as at 31 March 2022 before the 21/22 audit can be finalised. This work is underway and the conclusion of the audit is expected to be reported at the next meeting via a final Audit Findings Report.

The findings of the 21/22 value for money report have been agreed and will be reported to the next meeting. The review did not identify any significant weaknesses in arrangements at the Force and OPCC.

K Amlani queried how much of a delay in the finalisation of reports would be acceptable before a qualified opinion is issued to conclude the 21/22 audit. A Gouldman noted a qualified opinion would not be issued lightly; echoed by Joint CFO who highlighted if a provisional sign off of reports is accepted, this can impact the following years audit.

A Gouldman noted the 22/23 audit is scheduled for the autumn; a formal audit plan will be presented at the next meeting. It is hoped the audit will be concluded as early as possible in order to facilitate a smooth transition to the incoming auditor for 23/24; however this will depend on when assurances are received from the auditor of the TWPF.

**Update noted.**

## **8. TREASURY MANAGEMENT ANNUAL REPORT**

Finance Lead provided an overview of the report. P Wood sought clarity regarding a potential breach not recorded within the report. Finance Lead advised the breach in question was reported in the 21/22 annual report, however confirmation would be provided that this was the case.

**Action: Finance Lead to confirm there are no breaches to be included within the 22/23 annual report.**

Joint CFO confirmed an update on interest rates would be included in the next meetings finance report.

**Agreed: The Treasury Management Annual Report 2022/23.**

**Agreed: To approve the report for presentation to the PCC.**

## **9. JIAC ANNUAL REPORT**

**Update noted.**

## **10. DATE AND TIME OF NEXT MEETING**

Monday 25<sup>th</sup> September, 2pm, Collingwood Room, Middle Engine Lane



**Matters Arising**

Meeting	Agenda Item/Title/Context	Open/Closed	Note/Decision/Action	Detail	Assigned to	Update
JIAC 17/7/23	5. Summary Of Recent External Inspection, Investigation And Audit Reports	OPEN	ACTION	DCC to update on NPICCS replacement project at the September JIAC.	DCC	Verbal update to be provided at the meeting
JIAC 17/7/23	5. Summary Of Recent External Inspection, Investigation And Audit Reports	OPEN	ACTION	DCC to update on progress made against serious youth violence recommendations at the September JIAC, including an update on the work of the VRU.	DCC	Verbal update to be provided at the meeting
JIAC 17/7/23	5. Summary Of Recent External Inspection, Investigation And Audit Reports	OPEN	ACTION	DCC to provide an update on the Northumbria Police vetting inspection at the September JIAC.	DCC	Verbal update to be provided at the meeting
JIAC 17/7/23	8. Treasury Management Annual Report	OPEN	ACTION	Finance Lead to confirm there are no breaches to be included within the 22/23 annual report.	Gail Thompson	It has been confirmed that there are no breaches to be included within the 22/23 annual report.





<b>Joint Independent Audit Committee</b>	<b>25 September 2023</b>
<b>Summary of Recent External Inspection, Investigation and Audit Reports</b>	
<b>Report of:</b> Head of Corporate Development	
<b>Author:</b> Corporate Governance Manager	

## **I. PURPOSE**

- 1.1. To provide details of recent external inspection, investigation and audit reports and an overview of the process in place to manage the Force's response to recommendations and findings.

## **2. BACKGROUND**

- 2.1. All His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) reports and other external inspection, investigation and audit reports are considered by the Chief Officer Team. A lead is appointed to consider the findings and identify actions in response to any recommendations and areas for improvement (AFIs). The Force position is reported to the Police and Crime Commissioner at the Business Meeting to inform the statutory response required under section 55 of the Police Act 1996 where required.
- 2.2. All activity is regularly reviewed by the respective owners. Delivery is overseen by Chief Officers through the Force's governance and decision-making structure and progress is reported to the Scrutiny Meeting of the Office of the Police and Crime Commissioner.
- 2.3. Corporate Development Department acts as the central liaison point for all HMICFRS related matters.
- 2.4. The table below provides the number of open recommendations and AFIs for Northumbria Police alongside the follow-up levels allocated (as at 4 September 2023):

	<b>Open on the Monitoring Portal</b>	
	<b>Recommendations</b>	<b>AFIs</b>
Level 1	0	0
Level 2	39	1
Level 3	32	10
Level 4	0	0
<b>Total</b>	<b>71</b>	<b>11</b>

- 2.5. Appendix A provides an overview of all outstanding recommendations and AFIs assigned to Northumbria Police by HMICFRS on the monitoring portal, which are subject to ongoing activity, and includes the number of recommendations assessed as complete by the Force. A summary of progress, together with an expected delivery date and RAG status is also included.

- 2.6. Since the last Joint Independent Audit Committee (JIAC), three Level 3 recommendations and fourteen Level 2 recommendations have been added to the portal:
- Police performance: getting a grip (three recommendations – Level 3);
  - An inspection of how effective police forces are in the deployment of firearms (eight recommendations – Level 2);
  - Homicide prevention: An inspection of the police contribution to the prevention of homicide (two recommendations – level 2); and
  - Race and policing: An inspection of race disparity in police criminal justice decision-making (four recommendations – Level 2).
- 2.7. Eight Level 2 recommendations and four Level 2 AFIs have been closed on the Monitoring Portal since last reporting to JIAC.
- Policing in the pandemic – The police response to the coronavirus pandemic during 2020 (one recommendation);
  - Custody services in a COVID-19 environment (one recommendation);
  - A joint thematic inspection of the police and Crown Prosecution Service's response to rape – Phase one: From report to police or CPS decision to take no further action (two recommendations);
  - A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders (one recommendation);
  - Twenty years on, is MAPPA achieving its objectives? (one recommendation);
  - An inspection into how well the police and other agencies use digital forensics in their investigations (one recommendation);
  - Value and culture in fire and rescue services (one recommendations);
  - An inspection of vetting, misconduct, and misogyny in the police service (four AFIs).
- 2.8. Progress continues to be made against outstanding recommendations and AFIs and as is reported through the internal governance structure and Scrutiny Meeting. Twenty-seven further Level 3 recommendations and one Level 3 AFI are considered complete by the Force.
- 2.9. Several outstanding recommendations require the ability to record all protected characteristics. This will be accounted for in the new records management system but in the meantime, has been designated a high priority area for development within the current Northumbria Police Integrated Computer and Communications System.
- 2.10. Amber RAG ratings reflect delay in the Force's ability to deliver the recommendations rather than increased risk.
- 2.11. The following inspection reports have been published by HMICFRS since the last JIAC:
- [Police performance: getting a grip](#) (published 07/07/2023)
- 2.12. The report is in two parts: Part 1 examines national themes, both positive and negative from PEEL 2021/22 and Part 2 explores strategic performance management.

- 2.13. Inspectors found many forces were failing to properly understand and manage their performance and do not understand what issues are most important to tackle, how their performance can be measured, how they should change and what works in tackling issues.
- 2.14. In some forces, planning had become short-term and unsustainable, with some looking at demand only at a high level using basic data, resulting in personnel being taken from their usual duties to cover gaps, and no clear longer-term plans.
- 2.15. Many forces had difficulties recruiting and retaining officers and staff, with some specialist police staff roles, such as analyst posts, being hard to recruit. Many officers and staff are resigning in the first five years of service and many forces failed to maximise the use of exit interviews.
- 2.16. Generally, it was found in many cases vulnerability and repeat victims were not identified. Good-quality risk assessments that support the most appropriate response were not completed or recorded for others to see. Northumbria Police was identified as displaying promising practice in this area.
- 2.17. The report stated the police need to break the cycle of poor data, poor analysis, and poor planning. This leads to only reacting to resource shortages or things that go wrong, instead of working more proactively.
- 2.18. The report makes six recommendations, three for the National Police Chiefs' Council/Home Office and three for police forces.

[An inspection of how effective police forces are in the deployment of firearms](#) (published 11/07/2023)

- 2.19. HMICFRS visited nine police forces in England and Wales between November 2022 and January 2023, including metropolitan and rural forces. Northumbria Police was one of the forces visited.
- 2.20. The inspection examined how effective police forces are in the deployment of firearms, including specialist munitions, and sought to establish whether the public can be confident that police policies, structures and processes comply with relevant guidance and legislation.
- 2.21. Overall HMICFRS found officers involved in armed policing are dedicated, professional and focused on keeping the public safe. At an operational level there are good selection processes and officers are well trained and well equipped; however, improvements need to be made in the selection of strategic and tactical firearms commanders and strategic firearms commanders would benefit from improved training.
- 2.22. The report makes twelve recommendations, six for chief constables.

[Homicide prevention: An inspection of the police contribution to the prevention of homicide](#) (published 11/08/2023)

- 2.23. This thematic inspection of homicide prevention examined how effectively forces understand the pattern of homicide in their areas, including the underlying causes and risks, and contribute to the prevention of homicides; focusing on murder, manslaughter and the serious violence that may lead to homicide.

- 2.24. This inspection of eight police forces, not including Northumbria, looked at how the police used the Homicide Prevention Framework, introduced in October 2022.
- 2.25. The inspectorate found several examples of good practice, including clear and effective leadership in some forces, which helped to co-ordinate activity and make sure all causes of homicide were tackled; however, inspectors were concerned by the inconsistency across policing.
- 2.26. The report also highlighted that the current system for homicide data collection from forces was preventing sufficient and accurate information being submitted to the Home Office. Until this is resolved, the Home Office, and in turn forces, may only have a partial understanding of homicide and its causes.
- 2.27. The report makes three recommendations, one for the Home Office and two for police forces.

[Race and Policing: A review of the police service's leadership and governance arrangements for race-related matters](#) (published 25/08/2023)

- 2.28. In July 2021, the Home Affairs Committee published The Macpherson Report: Twenty-two years on. The committee considered the role HMICFRS had played in assessing the police's progress in addressing the recommendations made by the Stephen Lawrence Inquiry. It recommended that HMICFRS conduct a series of inspections of race and policing to start in 2022.
- 2.29. These inspections started in April 2022 and this short review is the first inspection in that series. It considers the effectiveness of the national leadership and governance arrangements that relate to race and policing.
- 2.30. HMICFRS determined that while the police have done much work in recent years to identify race disparity in stop and search, in many areas forces are unable to accurately assess the full impact of crime on, or the quality of their service to, people from different demographic groups. A lack of accurate data impacted understanding.
- 2.31. HMICFRS stated that strategies designed to tackle race and policing issues needed to be finalised or updated, and then implemented by police forces.
- 2.32. The report makes four recommendations for the National Police Chiefs' Council and the College of Policing.

[Race and policing: An inspection of race disparity in police criminal justice decision-making](#) (published 25/08/2023)

- 2.33. This thematic inspection is the second in the HMICFRS race and policing programme. It commenced in 2021 and asked all forces to complete a survey and then explored race disparity in five police forces selected for fieldwork (not Northumbria).
- 2.34. Over many years, there has been insufficient leadership from central government departments or senior police officers on race disparity in the police's criminal justice

decision-making. There are no relevant specific Government strategies, and the first published version of the Police Race Action Plan did not mention criminal justice disparity.

- 2.35. There was a lack of published data on disparity, both at a force level and throughout England and Wales, for most of the police criminal justice decisions examined. The police and relevant Government departments have done effective work to better understand disparity in stop and search, but there has not been comparable scrutiny of other important police powers considered in the report.
- 2.36. At the time of the inspection, police forces were not recording ethnicity in a consistent way. This is needed for the effective and efficient gathering of data, which is an important first step towards managing and improving performance. Progress has been too slow on creating a single recording standard, and there has not been enough strategic oversight. Limitations of police IT systems have also contributed to the failure to gather enough data.
- 2.37. Where data was recorded, there were clear differences between the experiences of people from different ethnic backgrounds. It is therefore important that forces monitor whether criminal justice decisions, are being made fairly and consistently.
- 2.38. The report makes 13 recommendations, nine for the Home Office, Ministry of Justice, National Police Chiefs' Council, College of Policing and Association of Police and Crime Commissioners and four for police forces.

### **3. FINANCIAL CONSIDERATIONS**

- 3.1 There are no additional financial considerations arising from this report.

### **4. LEGAL CONSIDERATIONS**

- 4.1 There are no legal considerations arising from the content of this report.

### **5. EQUALITY CONSIDERATIONS**

- 5.1 There are no equality implications arising from the content of this report.

### **6. RISK MANAGEMENT**

- 6.1 Activity in response to HMICFRS findings is monitored through the Northumbria Police governance structure and by the Office of the Police and Crime Commissioner.
- 6.2 HMICFRS expects progress is made in response to the recommendations and uses progress against previous recommendations to assess risk when considering future inspection activity.

### **7. RECOMMENDATIONS**

- 7.1 To note progress continues to be made against all recommendations and AFIs and that there are currently no matters of exception to report in response to previous inspections.



APPENDIX A

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/AFIs  (and number considered complete on the HMICFRS Monitoring Portal)		HMICFRS Level for follow-up activity	Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
Policing in the pandemic - The police response to the coronavirus pandemic during 2020  Published 20th April 2021 CC response to PCC: 03/06/2021 PCC Section 55 response: June 2021 Reported to JIAC: 19/07/2021	Multiple	DCC	Recommendations	5 (5)	0	2	<u>Issue</u>  The report highlighted five national recommendations regarding ensuring that officers understand and correctly implement the guidance for managing registered sex offenders during the pandemic; that they can manage their responses to changes in coronavirus-related legislation; that a policy is in place to make sure that the guidance and self-isolation directions when members of the workforce come into contact with someone with coronavirus symptoms are followed; that custody records are updated with information about how/when/if detainees are informed of the temporary changes to how they can exercise their rights to legal advice and representation; and to assess the sustainability of any temporary measures introduced during the pandemic that change the way they work.	Complete	Three of the five recommendations were reported as complete at the Scrutiny Meeting in September 2021. These relate to officers understanding of guidance regarding managing registered sex offenders and coronavirus legislation and also policy regarding test track and trace.  A new ways of working (NWOW) project was established to determine future working practices. The NWOW project has achieved its initial objectives and lessons learned from the project will be identified to understand the successes and achievements and to reflect on learning to take forward. This recommendation was reported as complete at the Scrutiny Meeting in February 2022.  Custody staff have been provided guidance to ensure that custody records are updated with information about how/when/if detainees are informed of the temporary changes to how they can exercise their rights to legal advice and representation. The Electronic Custody Recording system cannot mandate this information but quality assurance checks are being undertaken to mitigate any potential risk. The new custody system will improve monitoring in the future.  <b>Update: September 2023</b> The final recommendation has been progressed to closure on the basis that the requirement to capture information around covid is no longer needed and previous requirements have been captured for consideration in the development of the new custody system.		03/08/2023	The PCC noted learning from the pandemic had been useful to inform future system development.	N/A
Custody services in a COVID-19 environment  Published 20th April 2021 CC response to PCC: 03/06/2021 PCC Section 55 response: June 2021 Reported to JIAC: 19/07/2021	Head of Custody	ACC (Force Coordination)	Recommendation	1 (1)	0	2	<u>Issue</u>  This was a supplemental report to 'Policing in the Pandemic' with a further national recommendation providing detail of the custody information that HMICFRS recommends forces should collect and use.	Complete	Limitations with the current digital systems do not allow the collation of some of the suggested data and some can only currently be obtained by manual checks of custody records. A new custody recording system will allow for the wider scrutiny of data and information.  <b>Update: September 2023</b> This recommendation has been progressed to closure on the basis that the requirement to capture information around covid is longer needed and previous requirements have been captured for consideration in the development of the new custody system.		22/02/2023	The position remains as previously reported.	28/09/2023
A joint thematic inspection of the police and Crown Prosecution Service's response to rape – Phase one: From report to police or CPS decision to take no further action  Published 16th July 2021 CC response to PCC: 23/09/2021 PCC Section 55 response: September 2021 Reported to JIAC: 27/09/2021	Head of Safeguarding	ACC (Crime and Safeguarding)	Recommendations	8 (6)	0	2	<u>Issue</u>  The inspection found that the criminal justice system's response to rape offences fails to put victims at the heart of building strong cases despite the national focus by the Government, policing and the Crown Prosecution Service (CPS) on improving outcomes for rape. Recommendations have been made to police regarding capturing the protected characteristics of rape victims; establishing reasons why victims withdraw from cases; working better with local support services to better understand their role; improving the effectiveness of case strategies and action plans with the CPS; improving relationships with the CPS to build a cohesive and seamless approach; reviewing the current process for communicating to victims the fact that a decision to take no further action has been made; ensuring investigators understand that victims are entitled to have police decisions not to charge reviewed under the Victims' Right to Review scheme; and the publication of annual SSAIDP attendance figures, and information on the number of current qualified RASSO investigators.	Delivery of one of the recommendations is dependent on the implementation of a new records management system or development of the existing NPICCS system (date to be determined)	A Joint National Action Plan was adopted locally; this addresses key performance areas for improvement. All recommendations are included within a RaSSO improvement plan and are monitored regularly.  A protected characteristics data standard has been agreed at Chief Constables' Council in May 2023 which will be taken forward by the NPCC Diversity, Equality and Inclusion Coordination Committee.  Good engagement is in place between the Independent Sexual Violence Adviser (ISVA) service /CPS /police and all are regularly cooperating and sharing practice to improve services for victims. Other support services also work closely with Police including Safer Communities (charity) who operate from the Sexual Assault Referral Centre (SARC), support victims and assist with referrals, and the Sunderland Counselling Service who operate from the SARC one day per week. This allows for closer working together and better understanding of roles.  The police and CPS have effective challenge/escalation processes through the local tactical and strategic working groups. Relationships ensure that there is no barrier to communication and challenge in such circumstances.  Analysis has been conducted to understand the reasons why a victim may withdraw support for a prosecution and data collection has been implemented as part of the performance management framework.  <b>Update September 2023</b> Six recommendations have now been closed on the Monitoring Portal.  Of the remaining two recommendations, one requires the recording of protected characteristics of rape victims which is being considered as part of the NPICCS replacement programme and NPICCS development work.  Regular RaSSO SPOC meetings between the Force and the CPS take place for the discussion of on-going cases and all recent results/NFA's or not guilty findings at court. There are also regular RaSSO related strategic meetings where issues are discussed. All action plans have a target date and performance is monitored. CPS and Police have joint training where issues are identified to improve performance. The recommendation is subject to assurance and internal governance prior to closure.		20/04/2023	The PCC felt that intelligence should be gathered regardless of the outcome or intention of the victim to ensure the appropriate response and support was given.	01/11/2023
Police response to violence against women and girls - Final inspection report  Published 17th September 2021 CC response to PCC: 16/11/2021 PCC Section 55 response: November 2021 Reported to JIAC: 22/11/2021	Head of Safeguarding	ACC (Crime and Safeguarding)	Recommendations	3 (1)	0	2	<u>Issue</u>  The recommendations in the final report relate to increasing the prioritisation of VAWG offences in policing. Forces are required to ensure information on protected characteristics of victims is accurately and consistently recorded; that an action plan is established that specifies in detail what steps the force will take to improve and standardise its approach to responding to VAWG offences, with the aim of ensuring policies, processes and practices are effective, actively monitored and managed, and meeting national standards; and that there should be consistent and robust monitoring of outcomes 15 and 16 in VAWG cases with the National Police Chief Constables' Council (NPCC) VAWG National Delivery Lead tasked with developing a new process for forces.	Delivery of one of the recommendations is dependent on the implementation of a new records management system or development of the existing NPICCS system (date to be determined)	Northumbria presently records information on victim age, gender and ethnicity. It is recognised that while Northumbria can provide overall victim data in terms of volumes, data relating to all nine protected characteristics is not available. Recent work has been conducted via the Northumbria Local Criminal Justice Board.  One recommendation has been closed on the monitoring portal regarding the provision of the delivery framework and supporting VAWG strategy to the national VAWG task force by the required deadline.  The requirement for the recording of protected characteristics of victims is being considered as part of the NPICCS replacement programme and NPICCS development work. A protected characteristics data standard has been agreed at Chief Constables' Council in May 2023 which will be taken forward by the NPCC Diversity, Equality and Inclusion Coordination Committee.  <b>Update August 2023:</b> The force routinely monitors use of outcomes 15 and 16. A new process for the supervisory review and sign off for crime outcomes 15 and 16 was implemented at the end of July 2023.		08/06/2023	No issues raised.	01/11/2023
A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders  Published 17th November 2021 CC response to PCC: 18/01/2022 PCC Section 55 response: January 2022 Reported to JIAC: 28/02/2022	Head of Safeguarding	ACC (Crime and Safeguarding)	Recommendations	4 (1)	0	2	<u>Issue</u>  Four national recommendations regarding: the need for dedicated investigative staff to receive training on vulnerability with inputs on responding to the needs of vulnerable suspects (as well as victims); assessment of outcome code 10 and 12 cases to assess the standard and consistency of decision making; a review of the availability, prevalence, and sophistication of mental health flagging; and the identification of risks and vulnerabilities during risk assessment processes, particularly for voluntary attendees.	Delivery of one recommendation regarding mental health flagging is dependent on direction from the NPCC on the agreed definition for mental health markers and the implementation of a new records management system (date to be determined)	Delivery of "Vulnerability Matters" training commenced in March 2022 to all public facing officers and staff. This covers all officers in detective roles. This training programme will assist officers to recognise vulnerability in suspects they are dealing with and give them the tools to support in signposting Mental Health suspects.  During 2022, a wide range of Professionalising Investigations Programme (PIP), Investigative Supervisor and Manager Programme (ISMP) and Senior Investigating Officer courses were part of the force 12-month training plan. A similar training plan has been agreed for 2023 and the Mental Health package continues to be delivered. The package is also used during the newly promoted course for Sergeants and Inspectors in other key roles.  A crime review of mental health crimes was undertaken in January 2022 to assess outcome codes 10 and 12 and identify learning.  Mental health markers are being considered as part of the migration to the new Force system. Clarity is also being sought around the definition of mental health for the markers/flags. The NPCC report that there is some discrepancy between justice, health and social care agencies about the definition of Mental Health.  No guidance has been provided by the NPCC on an agreed definition for mental health flagging. It has been suggested that this be defined within the Right Care Right Person data toolkit but its inclusion has not been confirmed.  The custody review is considering opportunities for improvement regarding mental health in the criminal justice process, linked to custody. It is anticipated that a further two recommendations will progress to closure following this review.  The Criminal Justice and Custody Board is monitoring work regarding voluntary attenders (VA) and this includes release risk assessments. The Bail/VA/Under Investigation Annual Data Return is generating additional resource and leadership oversight so this will be afforded greater scrutiny.  <b>Update: September 2023</b> The recommendation regarding vulnerability training for investigators has now been closed on the portal.		03/08/2023	No issues raised.	29/02/2024

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/AFIs  (and number considered complete on the HMICFRS Monitoring Portal)		Of those outstanding, number considered complete by the Force	HMICFRS Level for follow-up activity	Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
Twenty years on, is MAPPA achieving its objectives?  Published 14th July 2022 CC response to PCC: 05/09/2022 PCC Section 55 response: September 2022 Reported to JIAC: 26/09/2022	Head of Safeguarding	ACC (Crime and Safeguarding)	Recommendations	4(3)	0	2	<b>Issue</b> The inspection highlighted the requirement for improvements to ensure that: Category 3 referrals are made to manage individuals who present a high risk of domestic abuse where formal multi-agency management and oversight through MAPPA would add value to the risk management plan; there is a comprehensive training strategy for all staff involved in the MAPPA process; all MAPPA nominals managed at Levels 2 and 3 are allocated to a suitably trained police offender manager; and where workloads of staff managing sexual offenders are found to be excessive, that steps are taken for mitigation.	Apr-23	The Force considered it was already compliant with two recommendations regarding the allocation of all MAPPA nominals managed at Levels 2 and 3 to a suitably trained police offender manager and the review of workloads for staff managing sexual offenders against national expectations.  Northumbria is working to raise the profile of domestic abuse cases and ensure that all practitioners consider domestic abuse cases for MAPPA management, this includes training, identification of domestic abuse cases in the MAPPA screening process and Strategic Management Board audits for domestic abuse cases.  MAPPA training has been delivered to all staff working in MOSOVO and is covered on other courses held locally.  Training has now been delivered to over 400 staff and partner agencies and the training process is now embedded as business as usual for student officers and new supervisors. Training has contributed to an increase in domestic abuse referrals to MAPPA.  <b>Update: September 2023</b> One recommendation regarding training has been closed on the portal. The final recommendation is subject to assurance and internal governance prior to closure.		19/01/2023	No issues raised.	01/11/2023	
The police response to burglary, robbery and other acquisitive crime  Published 11th August 2022 CC response to PCC: 03/10/2022 PCC Section 55 response: October 2022 Reported to JIAC: 26/09/2022	Head of Crime	ACC (Crime and Safeguarding)	Recommendations	2(0)	0	2	<b>Issue</b> The report recommended that by March 2023, forces should make sure their crime scene management practices adhere to the authorised professional practice (APP) on managing investigations for serious acquisitive crime or provide a rationale for deviating from it and also to ensure that investigations are subject to effective supervision and direction.	Mar-23	The Force will document processes that adhere to general crime scene preservation and management; and forensic assessment flowcharts have been refreshed for all contact handlers. A forensic performance framework is being developed to better understand the effectiveness of the triage process and the contribution towards positive outcomes.  Audits are conducted with regards to outcome codes and Victims' Code of Practice compliance and performance is regularly monitored.  The Force adheres to national best practice for scene management. Oversight of forensics and investigative standards is provided via the Investigation and Effective Justice Group, chaired by ACC Crime & Safeguarding.  The Force applies THRIVE risk assessments and has provided additional training to call takers regarding forensic advice to victims of crime.  A Serious Acquisitive Crime (SAC) Suppression Group focuses on performance in this area and drives learning from national best practice. Across all three categories of SAC, the Northumbria crime rate is below the national average per 1,000 population and in each category the resolved rate is higher than the national average.  Raising Investigative Standards is a key component in tackling SAC. Significant improvements have been made in file quality with the introduction of accreditation for supervisors. Key stakeholders throughout the organisation are prioritising investigative skills training and continuous professional development.  <b>Update: September 2023</b> A crime audit has taken place to review investigative standards including the areas covered by these recommendations; this is informing learning and development work in this area. A further audit will take place in November 2023 to review progress.		08/06/2023	Future reporting on progress will be included in current arrangements for scrutiny in this area of business.	01/11/2023	
PEEL 2021/22 – An inspection of Northumbria Police  Published 22nd September 2022 CC response to PCC: 03/10/2022 PCC Section 55 response: October 2022 Reported to JIAC: 21/11/2022	Multiple	DCC	AFIs	8(0)	1	3	<b>Issue</b> The inspection outlined the requirement for the Force to ensure that it improves: the accuracy when recording crimes and incidents of rape; the recording of crime when ASB is reported; the recording of equality data; the time it takes to answer emergency calls and reduce the number of non-emergency calls that are abandoned; the advice given by call takers on the preservation of evidence and crime prevention; attendance in response to calls for service in line with its published attendance times and ensures that when delays do occur, victims are fully updated; the recording of an auditable record of the decisions made when a victim withdraws their support for a prosecution; and takes steps to reduce delays in intelligence development for paedophile online investigation packages.	Dec-23 (excluding some elements of delivery dependent upon the new Force records management system)	An improvement plan is in place regarding the recording of offences within anti-social behaviour (ASB) incidents and also sexual offences (including rape and NI100s).  Call handling and response rates continue to be closely monitored. A performance management framework is in place and improvements are being facilitated by increased capacity and capability within the Communications Department, training and new technology such as Callback Assist. Call handling performance continues to improve with improved 999 and 101 answer times and a reduction in abandonment rates.  The requirement for the recording of protected characteristics is being considered as part of the NPICCS replacement programme and NPICCS development work. A protected characteristics data standard has been agreed at Chief Constables' Council in May 2023 which will be taken forward by the NPCC Diversity, Equality and Inclusion Coordination Committee.  Training has been undertaken with Communications staff regarding the identification of crime within ASB incidents.  The backlog in intelligence development for paedophile online investigation packages has now been addressed with business as usual levels in intelligence now achieved.  <b>Update: August 2023</b> The mandatory training package for rape and NI100 has been completed by 76% of the target audience (as at 28 July 2023).  Crime Data Integrity audit activity and quality assurance processes are currently in place to mitigate the risk of under recording or misclassification of rape crimes and NI100 records. This will continue and improvement in compliance will be monitored. Testing of a Zingtree wizard will progress and will assist with correct identification of rapes and NI100s at the point of disclosure within Communications Department.  Changes were made to the closing codes for anti-social behaviour (ASB) to align with national guidance; audit activity was also amended. Training has been provided to Communications Department and recent improvements have been made in the correct application of the National Standard for Incident Recording codes.  Learning from the crime file audit undertaken in June 2023 will inform activity and improvements in the recording of rationale when a victim withdraws their support for a prosecution.		03/08/2023	The PCC noted ongoing work to deliver improvement. Responding to the public continues to be an area of focus and is reported at each Scrutiny Meeting.	01/11/2023	
An inspection of vetting, misconduct, and misogyny in the police service  Published 2nd November 2022 CC response to PCC: 22/11/2022 PCC Section 55 response: December 2022 Reported to JIAC: 21/11/2022	Head of Professional Standards Department	DCC	Recommendations	29 (0)	27	3	<b>Issue</b> HMICFRS determined that police vetting standards are not high enough and it is too easy for the wrong people to both join and stay in the police. It was also determined that a culture of misogyny, sexism and predatory behaviour towards female police officers and staff and members of the public still exists.	Jan-24	Regular self-assessments have been provided to the NPCC and HMICFRS regarding the Force position against the recommendations and AFIs arising from the report and the likelihood of completion by the deadlines within them.  The Force will be compliant with the majority of the HMICFRS recommendations by the target dates. One recommendation cannot be addressed until the College of Policing update guidance in relation to pre-employment checks (expected 31 October 2023); and one recommendation was not implemented by the deadline in relation to change of circumstances; however, relevant procedures are in place and a plan is in place to address the backlog.  <b>Update: September 2023</b> Four Level 2 AFIs have been closed on the portal and updates against all recommendations and AFIs were provided to the NPCC in August 2023. The updates will be shared with HMICFRS by NPCC for review. Level 3 recommendations can only be closed by HMICFRS and it is understood that HMICFRS may provide updates following the August submission.		20/04/2023	The PCC was satisfied with the progress being made across the force.	14/12/2023	
			AFIs	5 (4)	0	2								
An inspection into how well the police and other agencies use digital forensics in their investigations  Published 1st December 2022 CC response to PCC: 19/01/2023 PCC Section 55 response: January 2023 Reported to JIAC: 27/02/2023	Head of Forensic Services	ACC (Crime and Safeguarding)	Recommendations	3 (1)	0	2	<b>Issue</b> HMICFRS concluded that police forces are unable to keep pace with technology when it comes to digital forensics – and there is a significant backlog of devices waiting to be examined. Delays, lack of resources and lack of adequate training means some victims are being let down and officers are missing their chance to bring offenders to justice. Three recommendations were aligned to the police regarding governance and oversight to better understand the local demand for digital services; the inclusion of management of digital forensic kiosks in governance and oversight frameworks; and the integration of digital forensic services under existing forensic science structures.	Dec-23	Continuing progress is being made with the Digital Forensic Unit (DFU) and Digital Evidence Suite (DES) improvement plans to increase efficiency and effectively manage digital demand. Governance and oversight are provided by Forensic Services and reported through the Investigations and Effective Justice Group chaired by ACC (Crime & Safeguarding). A new Performance Management Framework for Forensic Services is being developed.  A pilot to evidence the service and quality benefits of DFU control of kiosks has concluded and a revised arrangement has been agreed to enable the efficient management and effective standardised processing of frontline digital forensic activity in compliance with digital forensic quality standards.  An ongoing programme of work is being led by the Forensic Services Senior Management Team to identify and respond to demand, growth, and efficiencies within service delivery.  <b>Update: September 2023</b> The Force's DFU is part of the Forensic Services Department and is governed alongside traditional forensic services. This recommendation has now been closed on the portal.		08/06/2023	No issues raised.	01/11/2023	



Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/AFIs  (and number considered complete on the HMICFRS Monitoring Portal)		Of those outstanding, number considered complete by the Force	HMICFRS Level for follow-up activity	Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
An inspection of the north-east regional response to serious and organised crime  Published 07/12/2022 CC response to PCC: 19/01/2023 PCC Section 55 response: January 2023 Reported to JIAC: 27/02/2023	Head of Crime	ACC (Crime and Safeguarding)	AFIs	2 (0)		0	3	<b>Issue</b> HMICFRS was concerned to find that there were three teams struggling with workloads (the Paedophile Online Investigation Team, the Financial Investigations Unit and the Covert Authorities Bureau).  In addition, inspectors recommended that regional chief constables should appoint a single dedicated chief officer to lead the regional response to serious and organised crime.		<b>Update: June 2023</b> Improvement plans are in place and additional resources have been secured to increase capacity in specialist areas.  The regional governance of the North East Regional Organised Crime Unit (NEROCU) has been considered and an amended governance structure is being presented to HMICFRS.		08/06/2023	No issues raised.	01/11/2023
An inspection of how well the police tackle serious youth violence  Published 08/03/2023 CC response to PCC: 30/04/2023 PCC Section 55 response: April 2023 Reported to JIAC: 17/07/2023	Ch Supt Central Area Command	T/ACC (Communities)	Recommendations	2 (0)		0	2	<b>Issue</b> HMICFRS highlighted that chief constables should make sure their officers are trained in the use of Home Office crime outcome 22 (when diversionary, educational or intervention activity, resulting from the crime report, has been undertaken and it is not in the public interest to take any further action) and also that they should ensure that their forces, through data collection and analysis, understand the levels of racial disproportionality in serious youth violence in their force areas.	Mar-24	The recommendations will be addressed through the Serious Youth Violence and Knife Crime Suppression Group and reported through the Prevention and Deterrence Group.  The TREAD (Transformation/Resolution/Education and Adult Diversion) Team provides inputs to student officers, Criminal Investigation Department and Response Policing Teams during protected learning time to raise their knowledge and awareness of Outcome 22. There is also a training package on Kallidus LEARN which is referred to as 'Adult Divert From Charge'.  Outcomes related to youth serious violence as well as any disproportionate application or impact will be a key focus for the forcewide Youth Serious Violence and Knife Crime Suppression Group.  <b>Update: September 2023</b> Training is ongoing regarding the application of outcome 22 and the Force intranet is also being used to raise awareness.  Disparity is now being monitored via the forcewide Serious Youth Violence and Knife Crime Suppression Group.		N/A	N/A	01/11/2023
Values and culture in fire and rescue services  Published 30/03/2023 CC response to PCC: 03/08/2023 PCC Section 55 response: N/A Reported to JIAC: 17/07/2023	Head of Information Management Department	ACC (Force Coordination)	Recommendation	1 (1)		0	2	<b>Issue</b> This recommendation arose from a Fire Service inspection report where HMICFRS required confirmation that chief constables were appropriately using their Common Law Police Disclosure powers in circumstances involving employees of fire and rescue services.	Already compliant	<b>Update: September 2023</b> This recommendation has been reviewed by Information Management Department and it has been confirmed that National Police Chiefs' Council guidance is followed. This was reported as complete to Scrutiny Meeting on 3rd August 2023.		03/08/2023	No issues raised.	N/A
An inspection of how well the police and National Crime Agency tackle the online sexual abuse and exploitation of children  Published 05/04/2023 CC response to PCC: 08/06/2023 PCC Section 55 response: June 2023 Reported to JIAC: 17/07/2023	Head of Crime	ACC (Crime and Safeguarding)	Recommendations	11 (0)		0	2	<b>Issue</b> HMICFRS found that while officers are generally good at dealing with very high-risk cases, forces are often not properly responding to allegations or concerns about suspects, leading to unacceptable delays and missed opportunities. Many forces often wait too long before sharing information with partners, which means they can miss opportunities to refer children and families for support.	Apr-25	The Force is well positioned against a number of the recommendations and Northumbria is one of only a few forces who have an intelligence team and analyst within the Paedophile Online Investigation Team (POLIT). Some recommendations require action by other bodies before they can be progressed by the Force. The recommendations have been reviewed and activity is being determined.  They have been incorporated within the existing POLIT improvement plan.  <b>Update: September 2023</b> Progress is being made to address the identified areas and there are no current concerns regarding delivery. The expected date stated is the latest date for delivery of one recommendation relates to training; the majority of recommendations are expected to be delivered by the end of 2023.		N/A	N/A	01/11/2023
Police performance: getting a grip  Published 07/07/2023 CC response to PCC: 15/08/2023 PCC Section 55 response: August 2023 Reported to JIAC: 25/09/2023	Head of Corporate Development/Head of People Services	DCC	Recommendations	3 (0)		0	3	<b>Issue</b> HMICFRS found that too many forces were failing to properly understand and manage their performance. Many forces do not understand what issues are most important to tackle, how their performance can be measured, how they should change and what works in tackling issues. Forces need to review their performance management frameworks; review their proactive well-being support for officers and staff in high-stress roles and situations; and reduce the risk of skilled personnel leaving the organisation.	To be determined	<b>Update: August 2023</b> The Force context in relation to the report was provided to Business Meeting on 15 August 2023  Overall, it is considered the Force is well-placed in relation to the recommendations.  The strong position regarding the review of performance management frameworks (PMF) is supported by the HMICFRS 2021/22 PEEL inspection, which commented that 'the force has designed and implemented a detailed and comprehensive performance management framework, which will contribute to effecting sustained improvements.' There is ongoing work to fully embed local PMFs and ensure that they are providing the expected value and making the difference to performance outcomes and findings from the work to be led by the NPCC regarding a national PMF will be considered in the future development and improvement of local PMFs.  An engagement and retention framework is in place which has been informed by Force reporting and analysis as well as NPCC guidance on exit and retention and wider good practice.  The Force takes a preventative and evidence-based approach to promoting good mental health and wellbeing. The approach includes culture change through leadership and management; proactive education; early intervention & screening; and support and rehabilitation.  The Force provides enhanced trauma support including a well-established trauma intervention peer model (TRiM) and access to therapists.  High stress roles have also been identified using the annual wellbeing survey and provided proactive mental and physical health support. This is made up of individual resilience sessions with the psychologist, focused on stressors in the workplace and adaptive coping strategies. These sessions are both an opportunity for emotional debrief and an intervention in terms of psychoeducation in managing stress at work.  In-depth physical health checks have been introduced for high stress roles and enhanced support offered for individuals in high stress processes such as promotions or as a result of events such as bereavement of a colleague.		N/A	N/A	29/02/2024
An inspection of how effective police forces are in the deployment of firearms  Published 11/07/2023 CC response to PCC: 15/08/2023 PCC Section 55 response: August 2023 Reported to JIAC: 25/09/2023	Chief Superintendent Force Coordination	ACC (Force Coordination)	Recommendations	8 (0)		0	2	<b>Issue</b> Improvements need to be made in the selection of strategic and tactical firearms commanders (TFCs) and strategic firearms commanders (SFCs) would benefit from improved training. Recommendations include a review of the strategic firearms commander course to ensure candidates have enough opportunities to learn and practise skills; introducing new entry criteria for strategic and tactical firearms commanders, similar to the process used to select public order commanders; sharing of armed policing exercises to allow opportunities for learning to be identified and shared; and improving record keeping in relation to armed operations and introducing regular auditing of these records.	To be determined	<b>Update: August 2023</b> The Force context in relation to the report was provided to Business Meeting on 15 August 2023  The Force is well-positioned against a number of the recommendations. Activities are being determined for the progression of the remainder.  Firearms training incorporates areas highlighted, identification and recruitment of potential candidates for specialist roles within force is ongoing, robust armoury procedures are in place and an annual audit process will be conducted by another force in the NE region.		N/A	N/A	29/02/2024
Homicide prevention: An inspection of the police contribution to the prevention of homicide  Published 11/08/2023 CC response to PCC: 28/09/2023 PCC Section 55 response: Reported to JIAC: 25/09/2023	Head of Crime	ACC (Crime and Safeguarding)	Recommendations	2 (0)		0	2	<b>Issue</b> The current system for homicide data collection from forces was preventing sufficient and accurate information being submitted to the Home Office. Until this is resolved, the Home Office, and in turn forces, may only have a partial understanding of homicide and its causes. Forces need to make sure their force can, on a sufficiently frequent basis, produce an analytical report concerning its death investigations. Forces should also be able to quickly identify lessons from homicides and serious violence incidents.	To be determined	<b>Update:</b> The Force context in relation to the report will be provided to Business Meeting on 28th September 2023		N/A	N/A	29/02/2024
Race and policing: An inspection of race disparity in police criminal justice decision-making  Published 25/08/2023 CC response to PCC: 28/09/2023 PCC Section 55 response: Reported to JIAC: 25/09/2023	Head of Harm Reduction and Communities	T/ACC (Communities)	Recommendations	4 (0)		0	2	<b>Issue</b> Forces need to better understand disparity across criminal justice decision making and effectively capture, analyse and respond to their findings.	To be determined	<b>Update:</b> The Force context in relation to the report will be provided to Business Meeting on 28th September 2023		N/A	N/A	29/02/2024
								Level 1 Level 2 Level 3 Level 4	No Force self-certification, no follow-up activity required Force self-certifies completion, no follow up activity conducted by HMICFRS Force self-certifies completion, HMICFRS follow-up via the next relevant planned inspection No Force self-certification, HMICFRS follow-up via further bespoke fieldwork					
											On track - no concerns Progressing - additional action required to ensure delivery/delivery delayed Risk to completion			



<b>Joint Independent Audit Committee</b>	<b>25 September 2023</b>
<b>Joint Strategic Risk Register</b>	
<b>Report of: Ruth Durham, Chief of Staff and Monitoring Officer (OPCC) &amp; Debbie Ford, Deputy Chief Constable (Northumbria Police)</b>	
<b>Author: Tanya Reade, Corporate Governance Manager, Corporate Development</b>	

## **I. PURPOSE**

- 1.1 To present the Joint Strategic Risk Register (JSRR); this incorporates the strategic risk(s) faced by the Force and OPCC within twelve thematic areas.

## **2. BACKGROUND**

- 2.1 The OPCC and Northumbria Police share a JSRR. Each strategic risk is assigned a Chief Officer or OPCC owner(s), who has responsibility for the management of controls and the implementation of new controls where necessary.

### **Governance of the Joint Strategic Risk Register**

- 2.2 The JSRR identifies each risk, provides context to the risk, and identifies current factors affecting thematic areas and captures the consequences if it were to happen. It also provides a summary of existing controls and rates risks on the likelihood of the risk occurring and the impact it would have. All risks are regularly reviewed by the respective owners and updated, where necessary.
- 2.3 Area Commanders, Department Heads, Senior Management Teams and the OPCC are responsible for the identification of emerging risks, some of which might not be controlled locally and have the potential to prevent the Force and PCC from achieving objectives. Risks are escalated in-line with the governance and decision-making structures and recorded on the JSRR. Recommendations and areas for improvement following external inspections are considered to ensure they are adequately reflected in current risks.
- 2.4 The JSRR is presented to the joint Business Meeting between the PCC and the Chief Constable on a quarterly basis. The Joint PCC/Chief Constable Governance Group and Joint Independent Audit Committee (JIAC) provide additional scrutiny and governance on a quarterly basis.
- 2.5 The JSRR captures risk(s) in twelve thematic areas: Digital Policing; Finance; Governance; Information and Data Management; Information and Data Quality; Infrastructure and Assets; Operational; Partnership and Collaboration; Public Confidence; Regulation and Standards; Strategy; and Workforce.
- 2.6 The JSRR is reviewed on an annual basis; this year the Force's review took place during July/August 2023. Executive Leads considered the current register to ensure it captures emerging risks and accurately reflects the current risks faced by the Force and developed a

Risk Appetite Statement (Appendix A) to supplement the existing risk management framework in place in Northumbria Police.

- 2.7 Appendix B provides an overview of the current RAG status of the strategic risks for Northumbria Police, alongside the Force Strategic Risk Register.
- 2.8 Appendix C provides an overview of the current RAG status of the risks for the OPCC, alongside the register.

**Annual Review of the Force Strategic Risk Register**

**Governance - Failures originating from unclear plans, priorities, responsibilities and accountabilities and/or ineffective or disproportionate scrutiny, oversight, transparency, internal control of decision-making and/or performance**

This risk replaces '*Failures originating from a lack of scrutiny, oversight, transparency, internal controls and adherence to legislation*'.

- 2.9 Current controls remain appropriate; however, wider availability of information provided to, and outcome from, governance meetings to direct and support activity in pursuit of more informed decision making and improved performance has been added, supporting the more open risk appetite in this area.
- 2.10 Likelihood remains very low (1) and impact low (2).

**Information and Data Quality - Challenges in efficiently and effectively managing data through the technical and cultural implementation of control measures, storage and practice in support of existing and new operating platforms**

- 2.11 Current factors have now been updated to include workforce vetting at the appropriate levels defined by role requirements, managing the use of personal devices for official tasks and limiting staff and visitor access to information, assets and estate.
- 2.12 Controls in place to mitigate the risk have also been reviewed and compliance with the Vetting Code of Practice to ensure consistent and high standards of police vetting and regular review of the Designated Post List against known role descriptions have been reflected on the register.
- 2.13 Likelihood remains low (2) and impact high (4).

**Infrastructure and Assets - Failure to effectively manage assets to ensure continued effective service delivery through provision of equipment and facilities which keep the workforce capable; able to respond to the public and maintain the physical security and safety of our estate**

- 2.14 Current factors have been updated to include provision of appropriate physical and digital assets to facilitate new ways of working and understanding of the capacity requirements required from local electricity Distribution Network Operators to support achievement of future sustainability and carbon reduction targets.

- 2.15 Controls have been updated to reflect consideration of collaboration and shared estate where there is an operational benefit.
- 2.16 Likelihood remains low (2) and impact medium (3).

**Operational - Inability to implement centralised force coordination ensuring sustainable capacity and capability to meet statutory requirements under the Civil Contingencies Act (CCA) and responsibilities from the Strategic Policing Requirement.**

- 2.17 Current factors have been updated to include recommendations from the Manchester Arena Inquiry (MAI).
- 2.18 There is a Multi-agency Public Assurance Board managing the coordinated response of Blue Light services and Local Resilience Forum to the MAI recommendations.
- 2.19 Likelihood remains low (2) and high (4).

**Workforce - Inability to maintain an effective workforce profile through a reduction in attraction, recruitment and retention**

This risk has been expanded from 'Reduction in attraction and retention' and the following added:

**Standards, conduct and behaviours of the workforce are not in line with Northumbria Police values and the Code of Ethics.**

- 2.20 Current controls remain appropriate.
- 2.21 Likelihood remains medium (3) and high (4).
- 2.22 The annual review of risk has not identified any significant changes to the FSRR which impact on the overall risk level. Four areas remain high risk: Digital Policing; Finance; Information and Data Management; and Workforce.

**Recent Updates to the OPCC Strategic Risk Register**

- 2.23 The OPCC senior leadership team recently carried out the annual review of the strategic risks facing the Police and Crime Commissioner's office.
- 2.24 The first quarter review has identified the need to add the election in May 2024 in the **Governance** risk under current factors, and the recently announced changes to the police dismissal process in the **Public Confidence** risk as a current factor. Neither of these changes have affected the scoring.
- 2.25 Appendix C provides an overview of the current RAG status of the strategic risks for the OPCC, alongside the Strategic Risk Register.
- 2.26 The OPCC has assessed one area as high risk: Finance.

**3. CONSIDERATIONS**

<b>Government Security Classification</b>	Official
<b>Freedom of Information</b>	Non-Exempt
<b>Consultation</b>	Yes
<b>Resources</b>	No
<i>There are no additional financial considerations arising from this report.</i>	
<b>Code of Ethics</b>	No
<i>There are no ethical implications arising from the content of this report.</i>	
<b>Equality</b>	No
<i>There are no equality implications arising from the content of this report.</i>	
<b>Legal</b>	No
<i>There are no legal considerations arising from the content of this report.</i>	
<b>Risk</b>	No
<i>There are no additional risk management implications directly arising from this report.</i>	
<b>Communication</b>	No
<b>Evaluation</b>	No

## **Appendix A – Northumbria Police Risk Appetite Statement**

This Risk Appetite Statement supplements the existing risk management framework in place in Northumbria Police to support discussion of ideas, new initiatives and approaches to problem solving; inform decision-making; and inspire high performance. By defining both optimal and tolerable risk positions, the Force can clearly set out both the target and acceptable position in the pursuit of its strategic objectives.

For the purposes of this document the following definitions of Risk Appetite are used:

- Risk appetite: the amount of risk that Northumbria Police is prepared to accept, tolerate, or be exposed to at any point in time.
- Tolerable risk position: the level of risk with which the Force is willing to operate given current constraints. This balances the funding position with the position outlined in the Force's purpose, vision and strategic objectives. The tolerable position will shrink as the Force optimises the risk position.
- Optimal risk position: the level of risk with which the Force aims to operate. This is informed by the Force's purpose, vision and strategic objectives.

The risk appetite for Northumbria Police is set by the Chief Constable and Executive Board and reflects the level of residual risk that it is comfortable to accept in 'business as usual' situations.

Northumbria Police has set out its appetite across the range of its activities linked to delivery of its purpose, objectives and values and has recognised that it may choose to accept different levels of risk in different areas.

This risk appetite does not restrict Northumbria Police from taking decisions that may involve additional risk(s) within each of the thematic areas. Rather it ensures that such decisions are properly assessed and have accountability at the appropriate level.

Where the risk appetite is low, we will either choose options which have low risk, or put in place additional controls to ensure we have fully mitigated the risks of the option we want to pursue; where the risk appetite is high, we are more likely to choose options with a level of increased risk or which require less controls to mitigate the risks.

There may be occasions where the level of accepted risk is higher than the current risk appetite and Northumbria Police is more willing to accept risks e.g. from Open to Hungry. In this case the decision to do so will be escalated and considered by the Executive Lead for discussion at Strategic Management Board – Business.

Frequent breaches of risk appetite, or tensions arising from its implementation may reflect a need to review the risk appetite statement.

In determining the statements, it is recognised that risk appetite is subject to change and needs to flex in-line with the strategic environment and operating conditions; and as such the statement will be reviewed on a regular basis, and at least annually.

The following five levels provide a broad description of the amount of risk Northumbria Police is willing to accept or retain in order to achieve its objectives.

<b>Appetite Levels</b>	<b>Description</b>
<b>Averse (Low)</b>	<p><b>Avoidance of risk and uncertainty is a key objective.</b></p> <p><i>We will take very safe delivery approaches and accept only the very lowest levels of risk, avoiding risk and uncertainty as a key objective, whilst recognising that this may restrict exploitation of opportunities and innovation.</i></p>
<b>Minimalist (Medium Low)</b>	<p><b>Preference for ultra-safe options that have a low degree of inherent risk and only have a potential for limited reward.</b></p> <p><i>We have an overall preference for safe delivery approaches and whilst we are willing to accept some low level risks, the potential for increased outcomes and benefits is not the key driver.</i></p>
<b>Cautious (Medium)</b>	<p><b>Preference for safe options that have a low degree of residual risk and may only have limited potential for reward.</b></p> <p><i>We are willing to accept modest and largely controllable levels of risk in order to achieve acceptable key, but possibly unambitious, outcomes or benefits.</i></p>
<b>Open (Medium High)</b>	<p><b>Willing to consider all options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward.</b></p> <p><i>We are prepared to consider a number of potential delivery approaches, even where there are elevated levels of associated risk, and will choose the option which provides a high probability of productive outcomes and benefits.</i></p>
<b>Hungry (High)</b>	<p><b>Eager to be innovative and to choose options based on potential higher rewards (despite greater inherent risk).</b></p> <p><i>We are eager to be innovative and will proactively take creative and pioneering delivery approaches to help maximise opportunities whilst accepting the associated substantial risk levels in order to secure highly successful outcomes and benefits.</i></p>

The current risk position i.e. the risk level at which the Force is currently operating is within the Tolerable risk position in all but two areas: Digital Policing, which is currently operating in a Cautious risk position; and Governance, which is currently operating in a Minimalist risk position.

In each of these areas we have identified a higher risk appetite. In future decision-making, we are more likely to choose options with a level of increased risk or which require less controls to mitigate the risks.

Overall, Northumbria Police is seeking to increase its appetite to risk in order to achieve the Force's purpose, vision and strategic objectives.

However, Information and Data Quality, which is currently operating in a Cautious risk position, is above our optimal Minimalist risk position. As a result, additional controls are in place to ensure we have mitigated as far as possible the risk, and this area is subject to additional management to drive activity.



## **AGENDA ITEM 6 Appendix A**

The following Risk Appetite Statements provide a narrative for the amount of risk Northumbria Police is comfortable to accept or retain in 'business as usual' situations in order to achieve its objectives.

**Digital Policing** – We see technology as a key enabler to successful delivery of our strategic priorities and seek to ensure staff are equipped with appropriate IT. We have a more open risk appetite towards our development in these areas and are willing to explore options, even where there are elevated levels of associated risk, and will choose the option which provides a high probability of productive outcomes and benefits.

However, we are more cautious to ensure our network, technical infrastructure and core systems are secure and critical functions are maintained and put in place additional controls to achieve this.

**Finance** – The approach set out in the Medium-Term Financial Strategy seeks to deliver a balanced budget aligned to our strategic priorities. We are willing to consider all options and are prepared to choose the one that is most likely to result in successful delivery; minimising the possibility of financial loss by maintaining appropriate controls to manage risks to tolerable levels.

**Governance** – We have clearly defined plans and priorities and a well-embedded governance and decision-making framework. This ensures effective oversight, management and delivery and enables management of risk with appropriate scrutiny arrangements in place. In seeking to be more open, we will ensure this is not ineffective or disproportionate and will support us in adopting a more open appetite for risk in other areas.

**Information & Data Management** – We rely on information and data to operate effectively, recognising the benefits of lawful sharing of information to assist operational policing and that inappropriate handling has the potential to reduce public confidence and trust. As a result, we are willing to consider all options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward.

**Information & Data Quality** – We recognise we face increasing physical and information security and cyber risks and as a result have less appetite for risk in this area. We place an emphasis on deploying stringent security controls effectively, particularly through vetting of personnel and controlled access to information, assets and estate.

**Infrastructure & Assets** – We recognise the need for infrastructure and assets to enable and support delivery of our strategic priorities and the commitments in the Police and Crime Plan and seek to ensure these are managed and used in the most efficient and effective way. We are open to considering the benefits of different solutions to meet organisational requirements; recognising the need for safe and secure provision.

**Operational** – We follow appropriate operational processes, systems and controls to support the provision of policing services within well-defined command structures. Our risk appetite is increasing to enable work towards growth in multi-agency arrangements to ensure those in need are provided the most appropriate service and we are able to fulfil national obligations alongside local service delivery.

**Partnership & Collaboration** – The Force is committed to developing collaborations and strategic partnerships where there is an operational or organisational benefit which leads to improvements in our effectiveness, efficiency and legitimacy in service delivery. Where there is no clear benefit to the public, we will not pursue collaborative working, except where it is necessary for us to do so in order to assist the wider region and reduce risk to the public.

**Public Confidence** – We engage, listen and respond to the public and other stakeholders and our values: ‘Determined; Supportive; Passionate; Dynamic; and Proud’ underpin our purpose and vision and define who and what we are. We are willing to take decisions which may have the potential to encourage additional scrutiny but will do this where appropriate to achieve additional outcomes or benefits and will put in place relevant controls to mitigate this risk.

**Regulation & Standards** – We operate within a legislative framework and have a wide range of statutory obligations. We recognise there is ongoing reform in the public sector and as a result there will be new entities to engage with. We seek to operate in line with Authorised Professional Practice issued by the College of Policing and National Police Chiefs’ Council guidance and have processes, systems and controls to ensure we fulfil these obligations.

Where recommendations and areas for improvement are identified by inspectorates and auditors, we take action to respond and address matters raised and generally have a lower appetite for risk in this area.

**Strategy** – We regularly review our supporting delivery strategies; however, remain focused on our purpose to keep people safe and fight crime, and in doing so support delivery of the Police and Crime Plan. To deliver an outstanding police service, we are seeking to increase our appetite to risk in some areas and take well managed risks where innovation and change create opportunities for discernible benefits and clear improvements.

**Workforce** – We actively seek new and innovative ways to maximise our recruitment so that our workforce is representative of the communities we serve and are prepared to invest in our people to create an environment to attract an innovative mix of skills. We are committed to equality of opportunity and seek to tailor our approaches to the needs of individuals, working positively and constructively to ensure all staff, officers and volunteers are able to progress, develop and thrive. Our appetite for risk is more open in these areas.

We support and encourage all police officers, staff and volunteers to achieve and maintain the highest professional standards, behaviour and conduct. Our appetite for risk in this area is more cautious in order to ensure Northumbria Police delivers a high level of service to the public, underpinned by the Code of Ethics and maintains public confidence and trust.

## AGENDA ITEM 6 Appendix B

### Overview of the RAG status of Strategic Risk – Northumbria Police

LIKELIHOOD	Very High (5)				
	High (4)			2 Finance	
	Medium (3)		10 Regulation and Standards	1 Digital Policing 4 Information and Data Management 12 Workforce	
	Low (2)		6 Infrastructure and Assets	5 Information and Data Quality 7 Operational 8 Partnership and Collaboration 9 Public Confidence 11 Strategy	
	Very Low (1)	3 Governance			
	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
	IMPACT				

**Assessment of Risk**

Risks are rated on the basis of the likelihood of the risk materialising and the impact this would have. It is recognised rating risk is not an exact science and should be informed by evidence where possible.

Professional knowledge, judgement and active consideration are applied in assessing the likelihood and impact of a risk materialising; this is more important than the nominal rating itself.

The purpose of the rating of risk is to focus attention to ensure appropriate and proportionate mitigation plans and controls are in place.

L i k e l i h o o d	5. VERY HIGH	5	10	15	20	25
	4. HIGH	4	8	12	16	20
	3. MEDIUM	3	6	9	12	15
	2. LOW	2	4	6	8	10
	1. VERY LOW	1	2	3	4	5
		1. VERY LOW	2. LOW	3. MEDIUM	4. HIGH	5. VERY HIGH
	Impact					

The overall outcome of a risk rating assessment will identify the risk as being **very low/low (Green)**, **medium (Amber)** or **high/very high (Red)**. The residual risk rating is included on the Force Strategic Risk Register as a single overall score (identified by multiplying the impact by the likelihood rating) after controls/mitigations have been put in place.

**Key:**

**Green: Very Low/Low**

**Amber: Medium**

**Red: High/Very High**

Unlikely to occur or the risk is fully manageable. Likely to lead to no or only tolerable delay in the achievement of priorities. The Force is actively managing the risk as is practicable. The risk may lead to moderate impact on the achievement of priorities.

The Force has only limited ability to influence in the short term; however, is actively managing. The risk may lead to considerable impact on the achievement of priorities.

<b>I</b>	<b>Strategic Risk Area – Digital Policing</b>
	<b>Risk – Inability of the Force to respond effectively to service demand due to loss or failure of mission and business critical technology solutions.</b>
Owner(s)	Chief Information Officer
Governance & Oversight	Transformation Board
Context	<ul style="list-style-type: none"> <li>▪ Limitations of current digital policing systems and the impact on service delivery.</li> <li>▪ Loss of critical digital policing services.</li> <li>▪ Significant information technology (IT) transformation programme.</li> <li>▪ A malicious intent to compromise or access information or data.</li> <li>▪ Failure of national projects to deliver on time and to specification.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ New technology/new working practices being introduced.</li> <li>▪ Major IT Transformation now running (improve and remodel phase).</li> <li>▪ Withdrawal from the existing contract with NEC to implement Connect.</li> <li>▪ Subsequent procurement process to secure an alternative Records Management System replacement for NPICCS.</li> <li>▪ Delay in replacement of the People systems.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Ineffective IT system to support business processes.</li> <li>▪ Inability to effectively communicate with partners and the public.</li> <li>▪ Loss of information from systems as a result of a cyber-attack.</li> <li>▪ Loss of confidence in systems and the organisation from users, the public and partner organisations.</li> <li>▪ Loss of people data due to out of service life and unsupported core people systems internally and externally.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Effective disaster recovery controls in place with appropriate management of core system recovery and associated business continuity plans.</li> <li>▪ Significant investment in place to provide core IT services.</li> <li>▪ Digital Strategy supported by key underlying strategies.</li> <li>▪ Digital Policing senior leadership team and robust governance via the local Digital Policing Board in place.</li> <li>▪ Centralised hardware security monitoring now fully operable via the National Management Centre provided by the National Enabling Programme.</li> <li>▪ Greater security enhancement via enhanced Firewalls and access controls.</li> <li>▪ Annual and ad-hoc penetration testing regime embedded.</li> <li>▪ Recruitment and retention arrangements being finalised over transition period.</li> </ul>

## **AGENDA ITEM 6 Appendix B**

	<ul style="list-style-type: none"><li>▪ Recruitment to structure on target and to plan to achieve required capacity and capability.</li><li>▪ Improved attraction and retention activities being undertaken.</li><li>▪ Dedicated Solution Delivery function focussed on project delivery of the transformation programme.</li><li>▪ NPICCS replacement Team review of the impact of call off from NEC contract and remain with existing systems.</li><li>▪ Project approved, funded and initiated to upgrade the current NPICCS hardware to new equipment and change / migrate the NPICCS software. Targeted completion December 2023.</li><li>▪ Existing Cobol resources extended and capacity increased.</li><li>▪ Improved agile working capabilities for project delivery staff in place and effective.</li><li>▪ Implementation of Smart Contact Command and Control solutions removing the threat of loss of 999 and 101 calls due to loss of NPICCS.</li><li>▪ Automated and manual patching of key systems and operating systems completed across critical, high and medium high systems, now monitored through Digital Policing Board and Operational Information Management Board.</li><li>▪ Increase in the frequency and types of backups of the people data and full system backups to minimise any loss.</li><li>▪ Periodic restores and read tests in place to ensure backup is viable.</li><li>▪ Introduction of infrastructure to refresh and improve WAN and LAN and WIFI network and improve remote access resilience.</li></ul>	
Likelihood	3	12
Impact	4	

<b>2</b>	<b>Strategic Risk Area – Finance</b>
	<b>Risk – Reduction in funding and/or funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery.</b>
<b>Owner(s)</b>	Chief Constable and Chief Finance Officer
<b>Governance &amp; Oversight</b>	Executive Board/Business Meeting
<b>Context</b>	<ul style="list-style-type: none"> <li>▪ A review of the funding formula used by government to distribute grant funding to police forces in England and Wales may lead to a reduction in the percentage of central government police funding allocated to Northumbria Police.</li> <li>▪ Reduction in central government funding as announced in the annual Home Office (HO) Police Funding Settlement.</li> <li>▪ The funding settlement currently provides certainty for only one financial year and carries continued long-term uncertainty over several funding strands, including Uplift and Pensions.</li> <li>▪ Continued global cost pressures and cost of living increases are not funded with the grant settlement, leading to the necessity for efficiencies.</li> <li>▪ Other public sector funding reductions may reduce services provided, leading to increased service pressure on Northumbria Police and a need to look at potential collaboration opportunities.</li> <li>▪ In-year events or changes, outside of Northumbria Police's control, may lead to unbudgeted costs that cannot be met from within the annual budget.</li> </ul>
<b>Current factors</b>	<ul style="list-style-type: none"> <li>▪ The Government has stated the review of the Police Allocation Formula (PAF) will be completed in this parliament; however, there is the potential this may be delayed.</li> <li>▪ In force financial implications of pension remedy, which are currently being progressed based on national guidance.</li> <li>▪ Inflationary rises and supply chain issues are creating significant cost pressures in current and future budget predictions, without any increases in funding.</li> </ul>
<b>Potential consequence</b>	<ul style="list-style-type: none"> <li>▪ A reduction to national funding, short notice changes or extraordinary increases in cost may require a change in short and medium-term force financial planning, including a need to deliver unplanned efficiencies and savings thereby impacting on service delivery.</li> <li>▪ Any in-year pressures which become a forecast overspend must be addressed through consideration of in-year efficiencies and discussions with the Police and Crime Commissioner (PCC) relating to any appropriate use of reserves to manage the in-year impact.</li> </ul>

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<b>Summary of Controls</b>	<ul style="list-style-type: none"><li>▪ Transparent ownership of financial matters between the PCC and Chief Constable.</li><li>▪ Well understood in-year financial monitoring and reporting governance.</li><li>▪ An effective Reserves Strategy to provide mitigation against known and potential future events (COVID-19 Enforcement and Operational, Emergency Services Network, Pension, inflationary Reserves etc.), plus reserves providing financing to planned future investments.</li><li>▪ Full consultation, engagement and lobbying alongside and independently with the Police and Crime Commissioners Treasurers' Society, NPCC Treasurers group and the HO to influence funding for Policing and the North East.</li><li>▪ Effective force wide Business Planning cycle and efficiency monitoring.</li><li>▪ An effective Workforce Plan and Force Operating Model to manage pay related spend.</li></ul>	
Likelihood	4	16
Impact	4	



<b>3</b>	<b>Strategic Risk Area – Governance</b>	
	<b>Risk – Failures originating from unclear plans, priorities, responsibilities and accountabilities and/or ineffective or disproportionate scrutiny, oversight, transparency and internal control of decision-making and/or performance.</b>	
Owner(s)	Deputy Chief Constable	
Governance & Oversight	Executive Board	
Context	<ul style="list-style-type: none"> <li>Chief Constable is unable to account to the PCC for the exercise of their functions and those under their direction and control.</li> <li>There is a breakdown in relationship between the Force and Office of the Police and Crime Commissioner (OPCC).</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>Challenging transformation programme.</li> <li>Response to external inspection and investigation activity by His Majesty's Inspectorate of Constabulary and Fire &amp; Rescue Services (HMICFRS).</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>Inability to identify and respond to deteriorating performance resulting in policing priorities not being achieved.</li> <li>A decline in quality and service delivery, leading to a reduction in satisfaction levels.</li> <li>Inability to work effectively in partnership to provide services to victims and witnesses.</li> <li>Slippage/failure of projects, which hamper the achievement of objectives.</li> <li>Adverse external inspection reports, leading to recommendations and wider escalation.</li> <li>Loss of public confidence.</li> </ul>	

Summary of Controls	<ul style="list-style-type: none"> <li>Regular review of the governance and decision-making structure to ensure it provides appropriate governance arrangements, including OPCC Scrutiny Meeting to hold the police to account on behalf of the public.</li> <li>A Joint Independent Audit Committee to provide advice to the PCC and Chief Constable on the principles of corporate governance.</li> <li>Internal Audit of Governance by Gateshead Council.</li> <li>Annual Governance Statement is prepared setting out the Force's current governance arrangements.</li> <li>Wider availability of information provided to, and outcome from, governance meetings to direct and support activity in pursuit of more informed decision making and improved performance.</li> </ul>	
Likelihood Impact	1 2	2

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<b>4</b>	<b>Strategic Risk Area – Information and Data Management</b>
	<b>Risk – Challenges in adhering and complying with consistent and sustainable data management processes and standards to prevent data breaches.</b>
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	Operational Information Management Board
Context	<ul style="list-style-type: none"> <li>▪ The replacement of Force legacy systems presenting competing data management compliance elements.</li> <li>▪ The complex alignment of digital policing architecture to ensure interoperability.</li> <li>▪ Developing workforce with inadequate Information Asset Owners (IAOs) and Information Asset Lead engagement.</li> <li>▪ A recognition of the current position of the force data infrastructure is required to identify associated data use risks, compliance and ethical issues to prevent a breach of relevant legislation and/or non-compliance with statutory guidance.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Increased demand due to Digital Policing Change Programme and associated interdependencies relating to new ways of working.</li> <li>▪ Additional threat from external sources relating to cyber related adverse impact.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Corruption or loss of Force systems.</li> <li>▪ Loss of data and information assets.</li> <li>▪ Failure to comply with both Force policy and procedure and Management of Police Information statutory guidance.</li> <li>▪ Force policy and procedure processing, storing and handling of data not followed.</li> <li>▪ Mishandling of information through a lack of understanding of relevant legislation (Data Protection Act 2018).</li> <li>▪ Failure to comply with Information Commissioner's Office (ICO) best practice, standards and relevant codes of practice.</li> <li>▪ Litigation, legal action against the Force leading to enforcement action and monetary penalties.</li> <li>▪ Limited ability to access information and/or respond to requests for information.</li> <li>▪ Loss of confidence due to inappropriate or unlawful disclosures of personal data (internally and externally).</li> <li>▪ Compromise of operational activity and/or covert tactics.</li> <li>▪ Compromise of physical and technical security controls which would impact information assets and/or systems if vulnerability is exploited.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Information Management Department (IMD) with more effective capability, including the roles of Data Protection &amp; Disclosure Adviser and Information Security &amp; Assurance Manager.</li> </ul>

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	<ul style="list-style-type: none"><li>▪ Review and regular update of Data Sharing Agreements with partners.</li><li>▪ IMD and Digital Policing collaborating effectively to formally identify, document and mitigate risk through the implementation of innovative and measurable solutions.</li><li>▪ Targeted and relevant audit and organisational learning process to identify inappropriate handling and management of information.</li><li>▪ Oversight and management through the Governance and Decision-making structure.</li><li>▪ Implementation of formal Information Asset Registers, training, awareness and ongoing monitoring for IAOs and Information Asset Leads.</li><li>▪ Increased use of technical security controls and monitoring provided by the National Management Centre. Existing procedures in respect of data breaches ensure obligations placed on the organisation in such instances are met.</li><li>▪ Planned assurance schedule relating to critical systems and services.</li><li>▪ Monthly meeting with Senior Information Risk Owner to formally assess and govern risk.</li><li>▪ Force Opsy role identified and placed into IMD to improve operational security.</li></ul>	
Likelihood	3	12
Impact	4	

## **AGENDA ITEM 6 Appendix B**

<b>5</b>	<b>Strategic Risk Area – Information and Data Quality</b>
	<b>Risk – Challenges in efficiently and effectively managing data through the technical and cultural implementation of control measures, storage and practice in support of existing and new operating platforms.</b>
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	Operational Information Management Board
Context	<ul style="list-style-type: none"> <li>▪ A recognition of the Force's ability to accurately collect and present data required to support decision making in all areas of business, whilst ensuring statutory data returns to relevant bodies are concise, accurate and timely.</li> <li>▪ The replacement of Force legacy systems presenting competing data collection processes.</li> <li>▪ The ability to assign accountability/ownership of data assets to ensure data is collected, stored and used appropriately.</li> <li>▪ The application of control measures that affect the way staff interact with data is needed to support the cultural change required to successfully deliver the new operating platforms.</li> <li>▪ The implementation of data storage, audit and access capability that is complementary across all new platforms is essential to ensure compliance, analysis and quality information readily accessible to staff to advise organisational and operational delivery.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Legacy data and systems.</li> <li>▪ Vetting our workforce at the appropriate levels defined by role requirements.</li> <li>▪ Managing the use of personal devices for official tasks.</li> <li>▪ Limiting staff and visitor access to information, assets and estate.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Inaccessible/inaccurate intelligence.</li> <li>▪ Up-to-date crime and intelligence data - specific data sets such as exhibits are not available to officers/staff or data is stored in various locations and formats without formal recording or RRD (Retention, Review, Deletion) processes in place. Inaccurate data leading to non-compliance with regulations, a potential negative impact upon investigations and subsequent loss of public confidence.</li> <li>▪ Reduction in force performance and delivery through poor and non-reflective data quality.</li> <li>▪ Failure to identify risk of vulnerability, officer, public safety.</li> <li>▪ Inaccurate data returns to the HO and other bodies e.g. HMICFRS.</li> <li>▪ Adverse findings from inspectorate and audit bodies e.g. HMICFRS and ICO. Poor data quality affecting operational and business decisions, meaning that critical risk factors may be missed or not fully understood e.g. vulnerability, officer safety and public safety.</li> </ul>

## **AGENDA ITEM 6 Appendix B**

Summary of Controls	<ul style="list-style-type: none"><li>▪ Investment in IT to support ongoing DP programme which integrates data management processes and wider compliance obligations.</li><li>▪ Migration strategy as part of the Transformation 2025 programme IT strand to ensure data quality, accuracy and compliance with GDPR.</li><li>▪ Implementation of Data Quality reviews and Audits to support ongoing improvements relating to handling methods, accuracy, review and retention.</li><li>▪ Quality Standards Delivery Team.</li><li>▪ Use of the Qlik Sense Business Intelligence tool to identify compliance and data quality issues.</li><li>▪ Engagement with the HO/National Police Chiefs' Council National Data Quality Improvement Service (NDQIS).</li><li>▪ Implementation of holistic Information Asset Registers with accountable Owners and Leads.</li><li>▪ Implementation of revised and enhanced processes and procedures relating to review, retention and disposal of electronic and physical assets with oversight and ongoing monitoring from the IMD.</li><li>▪ Targeted training and ongoing support for all IAOs and Leads.</li><li>▪ Enhanced external audit regime implemented that reflects the complexity and breadth of information management obligations and compliance regimes.</li><li>▪ Revised compliance with ICO and legislative requirements (Record of Processing Activities, Data Flow Mapping etc.). Understanding and review of the Force estate to ensure it is fit for purpose and used effectively in line with operating procedures.</li><li>▪ Compliance with Vetting Code of Practice to ensure consistent and high standards of police vetting.</li><li>▪ Regular review of the Designated Post List against known role descriptions.</li><li>▪ Self-service updates to allow efficient and timely changes to data.</li><li>▪ Information Management training mandated for all staff and officers with key performance indicators reported as a standing agenda item.</li><li>▪ Dedicated communication and awareness plan for all staff and officers which targets key risks and impacts in a timely and effective manner.</li></ul>	
Likelihood	2	8
Impact	4	

<b>6</b>	<b>Strategic Risk Area – Infrastructure and Assets</b>
	<b>Risk – Failure to effectively manage assets to ensure continued effective service delivery through provision of equipment and facilities which keep the workforce capable; able to respond to the public and maintain the physical security and safety of our estate.</b>
Owner(s)	Assistant Chief Officer Corporate Services
Governance & Oversight	Strategic Resourcing Delivery Board / People & Organisational Justice Board (Force Safety Group and subgroups)
Context	<ul style="list-style-type: none"> <li>▪ Failure to appropriately maintain assets may result in critical failure.</li> <li>▪ Failure to comply with building regulations and legislation regarding the safety of our estate.</li> <li>▪ Force must meet future sustainability and carbon reduction targets across the force estate and fleet.</li> <li>▪ Failure to ensure officers and staff have the right assets and equipment available to perform their role.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Programme of works aligned to future Force Operating Model needs to be established to meet operation, sustainability and carbon reduction requirements.</li> <li>▪ Provision of appropriate physical and digital assets to facilitate the implementation of New Ways of Working programme.</li> <li>▪ Delays and increased costs of Estates programme as a result of supply chain issues and inflationary pressures.</li> <li>▪ Delays in new supply of vehicles/availability of fleet as a result of global supply chain issues.</li> <li>▪ Understanding of the capacity requirements required from local electricity Distribution Network Operators.</li> <li>▪ Physical security of buildings.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Injury to users of assets, detainees or the public.</li> <li>▪ Reduced availability of assets impacts on services across some or all business areas.</li> <li>▪ Litigation and civil claims.</li> <li>▪ Negative impact on the workforce and on public confidence.</li> <li>▪ Not achieving sustainability and carbon reduction targets.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Understanding and review of the Force estate to ensure it is fit for purpose and used effectively. Where appropriate maximise collaboration and shared estate where there is an operational benefit.</li> <li>▪ Rationalise the estate where appropriate to align with future operating model and operating procedures.</li> <li>▪ Re-profiling of building refurbishment programme in-line with and New Ways of Working requirements and future Force Operating Model in place.</li> <li>▪ Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business.</li> <li>▪ Business Continuity Plans, Estate and Sustainability Strategies and policies/procedures in place.</li> </ul>

## **AGENDA ITEM 6 Appendix B**

	<ul style="list-style-type: none"><li>▪ Regular inspection, testing and maintenance programmes in place in respect of water hygiene, electricity and gas safety.</li><li>▪ Fire risk assessments in place.</li><li>▪ Asbestos management plan in place.</li><li>▪ Health and Safety management embedded at tactical and strategic level.</li><li>▪ Fleet Strategy implemented in-line with carbon reduction targets and the migration to Ultra Low Emission Vehicles, primarily electric, along with the required charging infrastructure.</li><li>▪ New Fleet User Group to revise fleet use and force profile, including development of sustainable fleet measures.</li><li>▪ Vehicle maintenance, transportation and installation partners are vetted to ensure security and continuity of service.</li><li>▪ Internal fuel stock maintained.</li><li>▪ Asset management software and/ or recording system in place.</li><li>▪ Telematics installed in all cars providing management oversight with timely maintenance and usage data.</li><li>▪ Operational equipment requirements are managed via the Force Safety Group and reported to the People &amp; Organisational Justice Board.</li><li>▪ Significant investment projects within the Estates Strategy are overseen by the Estates Programme Board.</li></ul>	
Likelihood	2	6
Impact	3	

<b>7</b>	<b>Strategic Risk Area – Operational</b>
	<b>Risk – Inability to implement centralised force coordination ensuring sustainable capacity and capability to meet statutory requirements under the Civil Contingencies Act (CCA) and responsibilities from the Strategic Policing Requirement.</b>
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	Strategic Management Board
Context	<ul style="list-style-type: none"> <li>▪ Implementation of a new Force Operating Model, demographic and operational placement of officers and staff.</li> <li>▪ A specific focus on Joint Emergency Services Interoperability Programme (JESIP) principles and preparedness planning through the Local Resilience Forum (LRF) to manage Major Incidents.</li> <li>▪ The national strategic threat and risk assessment in specialist areas of POPS, FA and MP has led to the identification of shifting threats from extremist groups and associated learning from public inquiries.</li> <li>▪ The uplift of staff and coordinated work force plan has predicted a significant gap in experience and skill base, particularly in specialist areas of investigation and public order.</li> <li>▪ A recognition of the Force's ability to effectively deal with Societal Risks; Diseases; Natural Hazards; Major Accidents; Malicious Attacks to protect the public and comply with statutory requirements in these circumstances.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Current review of the CCA (Civil Contingencies Act).</li> <li>▪ Proposed wider remit of LRFs.</li> <li>▪ Statutory guidance for JESIP.</li> <li>▪ Force Operating Review.</li> <li>▪ Implementation of Response Policing Team shift pattern in January 2023.</li> <li>▪ Work Force Plan.</li> <li>▪ Significant Events.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Inability to meet core policing requirements.</li> <li>▪ Inability to respond effectively to Major Incidents.</li> <li>▪ Reduced staffing and service provision.</li> <li>▪ Inability to deliver services across some or all business areas.</li> <li>▪ Inability to project accurate resourcing to meet future demand.</li> <li>▪ Ability to meet mobilisation commitment.</li> <li>▪ Negative impact on public confidence.</li> <li>▪ Ineffective business continuity.</li> </ul>



## **AGENDA ITEM 6 Appendix B**

Summary of Controls	<ul style="list-style-type: none"><li>▪ Robust business continuity plans in place across all area commands and departments.</li><li>▪ Pandemic Multi-Agency Response Teams Plan with partners.</li><li>▪ Concept of Operations developed in line with the States of Policing Matrix to support resourcing decisions in order to maintain critical functionality for the force.</li><li>▪ Close working with National Police Coordination Centre (NPoCC) and the Regional Information and Coordination Centre to test and exercise mobilisation commitment and provide and request mutual aid as appropriate.</li><li>▪ Mobilisation plan includes changes to NPoCC mobilisation commitment and deployments to British Overseas Territories.</li><li>▪ Ability to implement agile ways of working and create secure estate environments.</li><li>▪ Northumbria Police currently chairs the Northumbria LRF and work closely with partners on preparedness for civil emergencies and the testing and exercising of the multi-agency response.</li><li>▪ LRF Strategic Coordination Group and Tactical Coordination Group currently activated with Vice Chair status on each group.</li><li>▪ At Chief Constable level Recovery Plan and Recovery Coordination Group participation.</li><li>▪ Ability to revise shift pattern to facilitate mobilisation of specialist staff, particularly in respect of TL2 assets.</li><li>▪ Force Coordination Centre and daily pace setter meetings to align demand and resources.</li></ul>	
Likelihood Impact	2 4	8

<b>8</b>	<b>Strategic Risk Area – Partnership &amp; Collaboration</b>
	<b>Risk – Loss or reduction in opportunities to work in partnership or collaboration and subsequent impact on service delivery.</b>  <b>Ineffective management of new and current commercial contracts leading to reduced service delivery and/or low value for money.</b>
Owner(s)	Deputy Chief Constable
Governance & Oversight	Joint Business Meeting / Strategic Management Board – Business
Context	<ul style="list-style-type: none"> <li>▪ Lack of scoping and user requirements at the outset of partnerships/collaboration or commercial interest.</li> <li>▪ Financial constraints on public services.</li> <li>▪ Cost of living and inflation impacting economy and changing opportunities.</li> <li>▪ Lack of integrated planning with partners to identify opportunities.</li> <li>▪ Significant reduction in services provided by key and/or statutory partners such as CPS, HMCTS, Local Authorities (LAs) and health service providers which increases demands on policing.</li> <li>▪ Failure of collaborative agreements.</li> <li>▪ Reduced commitment to Community Safety Partnerships (CSPs) and joint objective setting due to competing demands within LAs.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Reduction in safeguarding activity and preventative work, particularly relating to serious violence and anti-social behaviour.</li> <li>▪ Ability to manage commercial contracts:</li> <li>▪ Missed opportunities for further partnership collaboration with partners.</li> <li>▪ Cost of living / inflation is affecting commercial businesses and public sector.</li> <li>▪ Ability of partners to deliver services.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Gaps in services and support to communities.</li> <li>▪ Missed opportunities to prevent and reduce crime and disorder.</li> <li>▪ Reduced public confidence.</li> <li>▪ Reduced opportunities for more efficient and effective services.</li> <li>▪ Increased costs due to poor scoping and/or contract management.</li> <li>▪ Missed learning opportunities for partner agencies from serious case reviews.</li> <li>▪ Police resource used to fill gaps created by non-delivery of partnership services, depleting capacity to provide policing services.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Improving partnership governance arrangements and joint partnership plans through CSPs and wider multi-agency arrangements.</li> <li>▪ Force wide business planning cycle and delivery of local business plans informed by partnership data and engagement.</li> </ul>

## **AGENDA ITEM 6 Appendix B**

	<ul style="list-style-type: none"><li>▪ Strategic Design Authority and Transformation Programme to improve scope and user requirements of procured services with clear benefits tracking via Efficiency Steering Group.</li><li>▪ Improving understanding of demand and external influences of demand enabling effective management of response.</li><li>▪ Business continuity plans between relevant partners.</li><li>▪ Access to local and/or national support programmes.</li><li>▪ Ongoing management of commercial contracts.</li><li>▪ Tracking of business benefits following adoption of recommendations made in HMICFRS Thematic report 'The Hard Yards'.</li><li>▪ Joint work between agencies e.g. Newcastle Safeguarding Children's and Adults Boards and Safer Newcastle to produce a Serious Violence and Criminal Exploitation Strategy.</li><li>▪ Ability to introduce and maintain joint Criminal Justice Impact and Recovery working exercises when required, utilising resources across disciplines to meet demand.</li><li>▪ Increased early interventions and out of court disposals in place for young people.</li></ul>	
Likelihood Impact	2 4	8

<b>9</b>	<b>Strategic Risk Area – Public Confidence</b>
	<b>Risk – The loss of public confidence in Northumbria Police due to the behaviour, conduct, actions or inaction of Northumbria Police as an organisation or individuals representing the Force.</b>
Owner(s)	Deputy Chief Constable
Governance & Oversight	Engaged Communities Group/Ethics Advisory Board/Organisational Learning Board/People & Organisational Justice Board/ /Public Confidence and Standards Board
Context	<ul style="list-style-type: none"> <li>▪ Force or an associated individual acts in an inappropriate, discriminatory way or demonstrates corrupt behaviour.</li> <li>▪ Death or serious injury following police contact or other adverse or critical incident, as a result of police action or omission.</li> <li>▪ Misuse or deliberate disclosure of sensitive data or information.</li> <li>▪ Public perceptions of police ineffectiveness in relation to offences disproportionately impacting on specific communities or those with protected characteristics.</li> <li>▪ Reduced legitimacy due to poor engagement.</li> <li>▪ Publication of recent reports, including Dame Louise Casey review of Metropolitan Police, Operation Hotten and the findings following the murder of Sarah Everard.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Abuse of authority for financial or sexual purpose, fraud or theft.</li> <li>▪ Awareness of risk within workforce (Abuse of Authority for a Sexual Purpose (AA4SP), misogyny, discrimination) and increase in associated misconduct cases.</li> <li>▪ Current operating context and legitimacy in use of police powers.</li> <li>▪ Disproportionality in use of powers.</li> <li>▪ Identification and response to organisational learning opportunities.</li> <li>▪ Public perception that ineffective response to Violence Against Women and Girls (VAWG), hate crime and victimisation of Black, Asian and minority ethnic communities is influenced by cultural issues misogyny/ institutional racism.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Abuse of authority for financial or sexual purpose, fraud or theft.</li> <li>▪ Increased civil unrest.</li> <li>▪ Perception of disparity damaging confidence of minority groups.</li> <li>▪ Litigation, legal action against the Force.</li> <li>▪ Reduced public confidence.</li> </ul>

## **AGENDA ITEM 6 Appendix B**

Summary of Controls	<ul style="list-style-type: none"><li>▪ Effective governance arrangements.</li><li>▪ Independent advisory groups and Scrutiny Panels for use of powers.</li><li>▪ Force Engagement Strategy and systems.</li><li>▪ Force wide internal communications to increase awareness of behaviour and standards.</li><li>▪ Completion of Equality Impact and Community Tension Assessments.</li><li>▪ Force VAWG Strategy, Race Action Plan and Hate Crime Delivery Plan.</li><li>▪ Dedicated Counter Corruption Unit with appropriate capacity and capability to deliver a full range of covert tactics.</li><li>▪ Internal threat awareness through Professional Standards Department risk matrix and abuse of authority problem profile.</li><li>▪ Vetting procedures in-line with APP on Vetting.</li><li>▪ Identification and review of organisational learning, with oversight by the force Organisational Learning Board.</li><li>▪ Force wide training for all staff.</li><li>▪ Continuous Performance &amp; Development Review of staff via performance management frameworks.</li><li>▪ Annual Integrity Health Check completed with the workforce.</li><li>▪ Focus on diversity in recruitment, attraction, selection and retention.</li></ul>	
Likelihood Impact	2 4	8

<b>10</b>	<b>Strategic Risk Area – Regulation &amp; Standards</b>
	<b>Risk – Northumbria Police and/or its staff, fail to operate within the regulatory framework defined by law or by force policy. In doing so, creating risks which may result in harm to individuals, groups or organisations.</b>
Owner(s)	Deputy Chief Constable
Governance & Oversight	Public Confidence & Standards Board/Engaged Communities Group/People & Organisational Justice Board
Context	<ul style="list-style-type: none"> <li>▪ Litigation, legal action and/or prosecution of the Force and/or individuals by former officers or staff members.</li> <li>▪ Failure to comply with regulatory frameworks.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Increased scrutiny and challenge on police powers and super complaints.</li> <li>▪ Significant events impacting on public confidence over last 12 months.</li> <li>▪ Change in legislation in relation to protest may result in legal challenge.</li> <li>▪ Increase awareness and reporting of AA4SP could result in legal action against force for failure to prevent.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Litigation, legal action and/or prosecution of the Force and/or individual staff.</li> <li>▪ Associated costs of dealing with litigation.</li> <li>▪ Negative impact on the workforce and public confidence.</li> <li>▪ Failure to achieve/maintain relevant ISO/IEC accreditation in line with relevant codes of practice.</li> <li>▪ Failure to comply with relevant Health and Safety regulations.</li> </ul>

Summary of Controls	<ul style="list-style-type: none"> <li>▪ Central review of all civil claims, with adverse trends and lessons learnt reported and learning shared through Organisational Learning Board.</li> <li>▪ Audit arrangements and Quality Management System.</li> <li>▪ ISO governance meeting.</li> <li>▪ Health and Safety Management System and provision of health and safety advice.</li> <li>▪ Investigations and review of health and safety incidents, with lessons learnt reported.</li> <li>▪ Introduction of scrutiny panel for use of police powers.</li> <li>▪ Force policy on mandatory use of Body Worn Video at key incidents/events.</li> <li>▪ External Scrutiny panel for use of police powers (Use of Force/Stop &amp; Search).</li> <li>▪ Force approach to identify and reduce AA4SP.</li> <li>▪ Introduction of Independent Scrutiny and Oversight Board</li> </ul>
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Likelihood	3	9
Impact	3	

**AGENDA ITEM 6 Appendix B**

<b>II</b>	<b>Strategic Risk Area – Strategy</b>
	<b>Risk – Northumbria Police fails to deliver its strategic objectives and those of the Police and Crime Plan, due to ineffective business planning, including effective management of performance, risk, demand, transformation, workforce and finance.</b>
Owner(s)	Chief Constable
Governance & Oversight	Executive Board
Context	<ul style="list-style-type: none"> <li>▪ Failure to deliver the Force Strategic Priorities.</li> <li>▪ Failure to deliver against objectives set out in the Police and Crime Plan.</li> <li>▪ Failure to achieve the business benefits from the Transformation Programme.</li> <li>▪ Compliance and standards not meeting acceptable levels impacting on victim services and public confidence.</li> <li>▪ Failure to meet areas for improvement highlighted by external bodies.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ COVID recovery impacting on Newcastle Crown Court backlog.</li> <li>▪ Increased demand as the force implements the Transformation Programme.</li> <li>▪ Development of operating model able to support future demand.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Deteriorating performance resulting in policing priorities not being achieved.</li> <li>▪ A decline in quality and service delivery, leading to a reduction in satisfaction and confidence.</li> <li>▪ Adverse external inspection reports, leading to recommendations and wider escalation.</li> <li>▪ Reduction in services provided to victims and witnesses as a result of ineffective partnership working with other criminal justice agencies.</li> <li>▪ Delays to criminal justice outcomes.</li> <li>▪ Slippage/failure of projects, which hamper the achievement of objectives.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Annual preparation of Force Management Statement.</li> <li>▪ Business planning cycle and delivery of local business plans.</li> <li>▪ Force wide Performance Management Framework.</li> <li>▪ Oversight and management of performance using the Governance and Decision-making structure.</li> <li>▪ Transformation 2025 Programme.</li> <li>▪ Local Criminal Justice Board (LCJB) Plan and supporting governance structures.</li> </ul>



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	<ul style="list-style-type: none"><li>▪ Effective relationships and communication with partners locally enabling response to national issues (e.g. LCJB Strategic Recovery Group).</li><li>▪ Victim service review to improve service delivery to victims of crime and investigative standards.</li><li>▪ Implementation of a Northumbria Police Victim and Witness Service.</li><li>▪ Development and implementation of financial and efficiency planning focused on delivery of Force strategic priorities.</li><li>▪ Realisation of benefits linked to delivery of the transformation programme.</li><li>▪ Review of operating model and resourcing strategy.</li></ul>	
Likelihood	2	8
Impact	4	

<b>12</b>	<b>Strategic Risk Area – Workforce</b>
	<p><b>Risk – Standards, conduct and behaviours of the workforce are not in-line with Northumbria Police values and the Code of Ethics.</b></p> <p><b>Inability to maintain an effective workforce profile through a reduction in attraction, recruitment and retention.</b></p>
Owner(s)	Assistant Chief Officer Corporate Services
Governance & Oversight	People & Organisational Justice Board, Strategic Resourcing Delivery Board, Strategic Design Authority, Transformation Board, Public Confidence and Standards Board
Context	<p>To attract, retain and develop a high performing and engaged workforce we must ensure:</p> <ul style="list-style-type: none"> <li>• We have an environment which promotes and displays positive behaviours driven at all levels and led by Chief Officers, with a clear commitment to enhance value and engagement.</li> <li>• Our people feel confident to challenge and call out adverse behaviours at every level.</li> <li>• There is a focus on wellbeing and a commitment to support and maintain manageable workloads.</li> <li>• Implementation of a modernised total rewards package, reflective of a diverse workforce.</li> <li>• A strong and relevant employer brand, which is realistic and reflective of our internal culture, whilst recognising our focus on improvement.</li> <li>• Operating models and roles have clarity and a long-term vision to support attraction, through delivery of a Resourcing Strategy.</li> <li>• A focus on increased growth in investigative and other specialist roles is supported.</li> <li>• E-recruitment and vetting processes are efficient to match required hiring pace whilst ensuring standards continue to be met.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>• Lack of clarity on future skills requirements based on understanding of current and future operating models.</li> <li>• Limited understanding of people performance and talent.</li> <li>• Buoyant and active job market continues to show high levels of vacancy at local and national level.</li> <li>• Increased challenges to meet diversity ambitions, given recent census data and limited diversity applicant pool, which is in high demand from all sectors.</li> <li>• Societal challenges and adverse press coverage across policing which impact on overall attraction.</li> <li>• Challenges in meeting changing workforce expectations.</li> </ul>

## **AGENDA ITEM 6 Appendix B**

	<ul style="list-style-type: none"><li>• Challenges in the attraction of investigative resources through internal supply routes.</li><li>• Increased police staff attrition particularly between one to three years and potential increase in police officer attrition.</li><li>• Skills shortages in specialist / technical roles due to current recruitment climate with marked differences in remuneration, flexibility and pay when compared to other sectors.</li></ul>
Potential consequence	<ul style="list-style-type: none"><li>• Failure to secure a diverse and engaged workforce.</li><li>• Reduction in performance and service delivery.</li><li>• Failure to deliver services in technical and specialist areas impacting on public trust and confidence.</li><li>• Impact on investigative standards and quality due to insufficient investigative resources to meet demand.</li><li>• Lack of representation of the communities we serve.</li><li>• Impact on wellbeing due to high vacancy and turnover rates.</li><li>• Loss of key skills and knowledge through high turnover.</li><li>• Increased attraction, engagement and recruitment cost.</li><li>• Inability to deliver or delays in the delivery of the Transformation Programme due to a lack of specialist and/or technical skills.</li></ul>

Summary of Controls	<ul style="list-style-type: none"><li>▪ A People, Culture and Wellbeing Strategy underpinned by specific people pillars provides direction and clarity to create suitable environments to support attraction, recruitment and development of our people.</li><li>▪ A Standards, Ethics and Behaviours Plan which promotes activity and learning to create an environment to support attraction and retention and improves performance.</li><li>▪ A Resourcing Strategy which enables each business area to deal with the demand, design, supply, capacity and capability of its resources.</li><li>▪ Continuous engagement with Chief Officer and business leads to ensure clarity of operating models is achieved.</li><li>▪ Detailed workforce plans for officers and staff are reviewed periodically and adjustments made when necessary to ensure plans remain affordable and achievable.</li><li>▪ Investigative capacity and capability requirements are managed, and progress monitored via the Investigative Capability Gold Group with oversight through the Strategic Resourcing Delivery Board.</li><li>▪ Operational Resourcing Meeting established to monitor, coordinate and agree operational resourcing requirements at tactical level.</li><li>▪ Use of agency / organisations to provide burst capability for technical skills.</li><li>▪ Diversity, Equality &amp; Inclusion Strategy and Plan (including Positive Action strategy/plan) are embedded in the People Strategy and core people pillars.</li><li>▪ Development of a Retention Strategy to address workforce retention and attrition.</li><li>▪ Implementation of a new salary model following delivery of Role, Reward and Pay project.</li></ul>
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**AGENDA ITEM 6 Appendix B**

	<ul style="list-style-type: none"><li>▪ Bespoke support and significant investment to increase pay competitiveness across Digital Policing, securing skills required for critical transformation projects.</li></ul>	
Likelihood	3	12
Impact	4	

**Overview of the RAG status of Strategic Risk – OPCC**

LIKELIHOOD	Very High (5)				
	High (4)			(OPCC) Finance	
	Medium (3)				
	Low (2)			(OPCC) Partnership and Collaboration  (OPCC) Public Confidence	
	Very Low (1)	(OPCC) Governance			
	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
IMPACT					

**OPCC has identified risks in four thematic risk areas: Finance; Governance; Partnership and Collaboration; and Public Confidence**

<b>OPCC</b>	<b>Strategic Risk – Finance (OPCC)</b>  <b>Government reduces funding to PCCs/Police Forces which results in a reduced service ability. The need to contain expenditure within available resources and enable Northumbria Police to police effectively.</b>
Owner(s)	Chief Finance Officer – OPCC
Governance and Oversight	Joint Business Meeting/OPCC Business Meeting
Context	<ul style="list-style-type: none"> <li>▪ The review of the funding formula used by government to distribute grant funding to police forces in England and Wales may lead to a reduction in the percentage of central government police funding allocated to Northumbria.</li> <li>▪ The PCC has a robust, balanced Medium-Term Financial Strategy (MTFS) that meets the medium-term financial plans of the Chief Constable and facilitates delivery against the Police and Crime Plan.</li> <li>▪ The balanced nature is predicated by the risk of Home Office funding being guaranteed for one year only which requires an annual review of the MTFS and potential reprioritisation of spending plans.</li> <li>▪ Affordability may also be affected by continued global cost pressures and cost of living increases that are not funded within the grant settlement; or changes in national interest rates driving up the cost of borrowing, leading to the necessity for efficiencies or reductions in services.</li> <li>▪ Reserves policy is crucial to medium-term sustainability.</li> <li>▪ In-year financial monitoring must be robust.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Settlement 2022/23 remains one-year only. Information for future years states a minimum increase nationally for 2023/24 and 2024/25 for policing as a whole.</li> <li>▪ There is short term certainty of the scope for Precept increases for a further one year period.</li> <li>▪ Settlement 2022/23 has continued funding to support the Uplift programme.</li> <li>▪ At this time, the level of national funding and the robust controls detailed below mitigate in the short term the consequence.</li> <li>▪ In the medium-term extraordinary international events and national inflationary rises lead to significant increases in cost without any increase in funding.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Short notice change to national funding may require a change in short and medium-term force financial planning, including a need to deliver unplanned savings thereby impacting on service delivery.</li> <li>▪ Any in-year or longer-term pressures or extraordinary events which become a forecast overspend must be addressed through consideration of in-year savings and efficiencies, potential use of relevant reserves and discussion with the CC.</li> </ul>

**AGENDA ITEM 6**  
**APPENDIX C**

Summary of Controls	<ul style="list-style-type: none"> <li>▪ Strategic engagement in respect of any proposed review of the funding formula.</li> <li>▪ Transparent ownership of financial matters between the PCC and CC.</li> <li>▪ Comprehensive approach to business planning cycle and annual budget setting process.</li> <li>▪ Well understood in-year financial monitoring and reporting governance.</li> <li>▪ Medium and long term financial planning.</li> <li>▪ Regular oversight of revenue and capital budget.</li> <li>▪ Maintain adequate risk assessed reserves.</li> <li>▪ Ongoing consultation, engagement and lobbying alongside and independently with the Police and Crime Commissioners Treasurers Society, NPCC Treasurers Group and the Home Office to influence funding for policing in the North East.</li> <li>▪ Audit Committee/Internal Audit/Treasury Management strategy in place and outcomes reviewed by PCC.</li> <li>▪ HMICFRS inspection regime.</li> </ul>	
Likelihood	4	<b>16</b>
Impact	4	

<b>OPCC</b>	<b>Strategic Risk – Governance (OPCC )</b>  <b>Existing arrangements for the PCC to carry out robust scrutiny and hold the Chief Constable to account for efficient and effective delivery of the Police and Crime Plan are ineffective or inconsistent.</b>	
Owner(s)	Chief of Staff and Monitoring Officer	
Governance and Oversight	Joint Business Meeting/ Annual Scrutiny Programme/CC/PCC Governance Meeting/ JIAC/Police and Crime Panel/PCC/CC 1:1 Meeting	
Context	<ul style="list-style-type: none"> <li>▪ Ineffective governance, scrutiny, oversight of services and outcomes delivered and lack of reaction to organisational learning by Northumbria Police.</li> <li>▪ Need to target resources and priorities towards changing performance/landscapes or community needs.</li> <li>▪ Chief Constable setting high performance standards and appropriate culture and values is crucial to meaningful scrutiny.</li> <li>▪ Trust in the transparency of Northumbria Police.</li> <li>▪ Effective governance includes effective oversight of complaints against Northumbria Police.</li> <li>▪ Effective systems and controls to manage risk are needed to support the delivery of service.</li> <li>▪ A strong relationship between the Office of the Police and Crime Commissioner and Force which is resilient to external factors.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Implementation of national PCC Review – PCCs remit in fire, criminal justice and management of offenders along with a review of the Policing Protocol.</li> <li>▪ Government levelling up agenda - expanded devolution deals.</li> <li>▪ May 2024 election</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Loss of public confidence.</li> <li>▪ Reputational risk.</li> <li>▪ A decline in quality and service delivery, leading to a reduction in public satisfaction with policing.</li> <li>▪ Deteriorating performance resulting in policing priorities not being achieved.</li> <li>▪ Poor relationship with Northumbria Police.</li> <li>▪ Government intervention.</li> <li>▪ Challenge by the Police and Crime Panel.</li> <li>▪ Adverse external inspection reports, leading to recommendations and potential escalation.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Police and Crime Plan (regularly reviewed).</li> <li>▪ Joint Business Meeting.</li> <li>▪ Annual Scrutiny Programme.</li> <li>▪ Provision of the complaints statutory review process.</li> <li>▪ Public and partnership engagement and feedback.</li> <li>▪ PCC and Chief Constable 1:1s.</li> <li>▪ Police and Crime Panel scrutiny.</li> <li>▪ Scrutinising force response to HMICFRS inspection findings.</li> <li>▪ Audit Committee, audit, annual governance statement, Internal Audit.</li> </ul>	
Likelihood Impact	1 2	2



<b>OPCC</b>	<b>Strategic Risk – Partnership &amp; Collaboration (OPCC )</b>	
	<b>Reduction in or withdrawal of partnership working for the OPCC leading to a failure to identify, develop and retain collaborative arrangements that support communities with sustainable multi agency responses.</b>	
Owner(s)	Chief of Staff and Monitoring Officer	
Governance and Oversight	Joint Business Meeting/VRU Strategic Board/Local Criminal Justice Board	
Context	<ul style="list-style-type: none"> <li>▪ Challenging budget and service pressures within partner organisations both in public and voluntary sector can lead to silo working.</li> <li>▪ Potential for national issues and crisis to affect collaborative working.</li> <li>▪ Requirement to retain engagement of the public as a partner.</li> <li>▪ Ensuring external factors do not alter relationships preventing joint working.</li> <li>▪ Clear outcomes not being identified and reported can risk sustainability and ongoing partner engagement.</li> <li>▪ Uncertainty of long-term sustained resourcing to deliver current public health approach collaboration - Violence Reduction Unit and other joint projects including Victims Service Provision. 3 yr funding confirmed.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Current economic crisis and funding pressures on partners.</li> <li>▪ PCC Review Government ambition to strengthen and expand the role of PCCs and maximise potential for wider efficiencies.</li> <li>▪ Recovery and new ways of working in the Local Criminal Justice System.</li> <li>▪ Stream of external funding opportunities and complex bidding process</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Reduced public confidence.</li> <li>▪ Reduced opportunities for more efficient and effective services.</li> <li>▪ Bidding system demands on resources can lead to missed opportunities to access funding streams that contribute to reducing crime/reoffending and ASB in the Northumbria Area.</li> <li>▪ Missed opportunities to prevent and reduce crime and disorder and maintain an efficient and effective Criminal Justice System.</li> <li>▪ Increased costs due to poor partnership and commissioned service management.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Effective partnership/commissioning governance arrangements that identify and report outcomes and progress.</li> <li>▪ Comprehensive public engagement and communication strategies to inform multi agency responses and effective scrutiny.</li> <li>▪ Scrutiny of effectiveness of Force collaborative activity.</li> <li>▪ Focus on accessing funds for collaborative working and lobbying government for sustained funding streams.</li> <li>▪ VRU Strategic Board and Response Strategy.</li> <li>▪ PCC chairs Local Criminal Justice Board delivering the LCJB Business Plan.</li> <li>▪ Collaboration and engagement with other PCCs, nationally and regionally.</li> <li>▪ Comprehensive engagement and monitoring of commissioned services.</li> <li>▪ Regular 'sector' engagement meetings with potential and current partners.</li> </ul>	
Likelihood Impact	2 4	8

<b>OPCC</b>	<b>Strategic Risk – Public Confidence (OPCC)</b>	
	<b>Loss of public confidence in the PCC resulting from a lack of engagement and communication, leading to a failure to reflect public priorities in the Police and Crime Plan. Failure to hold the Chief Constable to account on behalf of the public for delivery of their priorities or other statutory obligations.</b>	
Owner(s)	Chief of Staff and Monitoring Officer and Director of Planning and Delivery	
Governance and Oversight	Joint Business Meeting/Annual Scrutiny Programme	
Context	<ul style="list-style-type: none"> <li>▪ A robust communications plan is needed to demonstrate effective and visible accountability of the Chief Constable to the PCC.</li> <li>▪ Delivery of the PCCs manifesto commitments on which she was elected with the continual need to understand and react to changing communities or priorities and reflect this in the Police and Crime Plan.</li> <li>▪ Engagement with communities to identify and respond to trends identified through the complaints process and external communication to reflect organisational learning.</li> <li>▪ OPCC business must ensure compliance with legal, information management legislation, transparency guidance and the public sector equality duty.</li> <li>▪ Continue to reassure communities through robust scrutiny of Northumbria Police and engagement with partners and communities.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Role of social media in shaping public perceptions.</li> <li>▪ Changes to law to allow the public to report crimes via social media.</li> <li>▪ National action by Legally Qualified Misconduct Hearing Chairs may delay the police misconduct process.</li> <li>▪ Review of the Police dismissals process.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Reputational damage.</li> <li>▪ Police and Crime Plan and actual delivery not aligned to public concerns and priorities.</li> <li>▪ Loss of trust/confidence in the PCC as a result of crime perceptions.</li> <li>▪ Poor service delivery damages public confidence.</li> <li>▪ Relationship with force and partners.</li> <li>▪ Government penalties due to poor assessment results.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Police and Crime Plan (annually updated to reflect emerging priorities).</li> <li>▪ Annual Scrutiny Programme and quarterly OPCC service confidence in policing report from the PCC to the Chief Constable.</li> <li>▪ Police and Crime Panel Scrutiny.</li> <li>▪ Reporting back to the public crime data and on their concerns and progress towards the Police and Crime plan.</li> <li>▪ External evaluations including impact of the VRU.</li> <li>▪ Rolling programme of PCC engagement across demographics and issue based topics.</li> <li>▪ Annual Report.</li> <li>▪ Governance Framework.</li> <li>▪ Annual Assurance Statement/Audit Committee.</li> <li>▪ Internal Audit.</li> <li>▪ OPCC website and social media.</li> <li>▪ Data Protection Officer.</li> <li>▪ Complaints review process.</li> <li>▪ Service level agreement with Northumbria Police.</li> </ul>	
Likelihood Impact	2 4	8

# **Police and Crime Commissioner for Northumbria and Chief Constable for Northumbria**

## **Joint Audit Plan**

Year ending 31 March 2023

September 2023

# Contents



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Police and Crime Commissioner and Chief Constable or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

# Key matters



## National context

For the general population, rising inflation, in particular for critical commodities such as energy, food and fuel, is pushing many households into poverty and financial hardship, including those in employment. At a national government level, recent political changes have seen an emphasis on controls on spending, which in turn is placing pressure on public services to manage within limited budgets.

The spiralling cost of living could make things even more challenging and jeopardising progress made in tackling violent crime. Funding continues to be stretched with increasing cost pressures due to the cost-of-living crisis, increasing pay demands, higher agency costs and increases in supplies and services.

Our recent value for money work has highlighted a number of governance and financial stability issues at a national level, which is a further indication of the mounting pressure on audited bodies to keep delivering services, whilst also managing transformation and making savings at the same time. In planning our audit, we will take account of this context in designing a local audit programme which is tailored to your risks and circumstances.

## Audit Reporting Delays

In a report published in January 2023 the NAO have highlighted that since 2017-18 there has been a significant decline in the number of local government body accounts including an audit opinion published by the deadlines set by government. The NAO outline a number of reasons for this and proposed actions. In our view, it is critical to early sign off that draft local authority accounts are prepared to a high standard and supported by strong working papers.

## Sector Updates

Forces nationwide have successfully contributed to the government's Uplift programme to deliver 20,000 new police officers by 31 March 2023. Northumbria Police met its target of 615 officers and expects to maintain this level going forward.

In September 2022 HMICFRS issued their latest PEEL inspection report on Northumbria Police, resulting in the Force being awarded an overall grade of 'good' improving on its previous rating issued in 2018/19. The report identified isolated areas for the Force to improve on, and these have been incorporated into the Force's action log for monitoring.

# Key matters



## Our Responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out further in our Audit Plan, has been agreed with the Chief Finance Officer.
- We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money work.
- Our Value for Money work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will report our consideration of progress against previously agreed recommendations in respect of financial statements and value for money matters.
- We will continue to provide you and your Joint Independent Audit Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit Committee updates.
- We hold annual financial reporting workshops for our clients to access the latest technical guidance and interpretation , discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.
- We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures. We have identified a significant risk in regards to management override of control.
- We identified other significant audit risks relating to both the valuation of land and buildings and the valuation of the pension scheme net liabilities/assets.



# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audits of both the Police and Crime Commissioner for Northumbria ('the PCC') and the Chief Constable for Northumbria ('the Chief Constable') for those charged with governance. Those charged with governance are the PCC and the Chief Constable.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the PCC and the Chief Constable. We draw your attention to both of these documents.



## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Chief Constable, and the PCC and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Chief Constable and the PCC); and we consider whether there are sufficient arrangements in place at each body for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the PCC and the Chief Constable of your responsibilities. It is the responsibility of the PCC and the Chief Constable to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the PCC and the Chief Constable are fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the PCC and the Chief Constable's business and is risk based.

# Introduction and headlines

## Significant risks

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

- Management override of controls
- Valuation of land and buildings
- Valuation of pension fund net liability/asset

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

## Materiality

We have determined planning materiality to be £5,200k (PY £5,200k) for the group, the PCC and the Chief Constable, which equates to 1.5% of the PCC's gross expenditure for the 2021/22 financial year.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors. Performance materiality remains the same as in the prior year at £3,600k (70%). Clearly trivial has been set at £260k (PY £260k).

## Group Audit

The PCC is required to prepare group financial statements that consolidate the financial information of the Chief Constable in line with CIPFA guidance.

## New Auditing Standards

There are two auditing standards which have been significantly updated this year. These are ISA 315 (identifying and assessing the risks of material misstatement) and ISA 240 (the auditor's responsibilities relating to fraud in an audit of financial statements). We provide more detail on the work required later in this plan.

## Audit logistics

Our audit work will take place in October and November. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our proposed fee for the audit will be £56,279 (PY: £51,529) for the PCC and £25,688 (PY: £28,938) for the Chief Constable, subject to the bodies delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any risks of significant weakness. We will continue to update our risk assessment until we issue our Auditor's Annual Report.



# Significant risks identified

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

Risk	Risk relates to	Reason for risk identification
ISA240 revenue risk	n/a	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>Having considered the risk factors set out in ISA240 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:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited;</li> <li>• all revenue received by the Chief Constable comes from the PCC; and</li> <li>• the culture and ethical frameworks of public sector bodies, including the CC and PCC for Northumbria, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore we do not consider this to be a significant risk for the Chief Constable, PCC or Group.</p> <p>We will continue to revisit this assessment throughout the course of our audit, and will report any changes to this assessment in our Audit Findings Report.</p>
PN10 consideration of expenditure	n/a	<p>Whilst not a presumed significant risk, we have had regard to Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure may well be greater than that of income.</p> <p>Having considered the risk of improper recognition of expenditure at Northumbria Police we are satisfied that this is not a significant risk for the same reasons set out previously.</p> <p>We will continue to revisit this assessment throughout the course of our audit, and will report any changes to this assessment in our Audit Findings Report.</p>

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.' (ISA (UK) 315)

# Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Chief Constable and PCC (and group)	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The PCC and Chief Constable face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Evaluate the design effectiveness of management controls over journals;</li> <li>• Analyse the journals listing and determine the criteria for selecting high risk unusual journals;</li> <li>• Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration</li> <li>• Gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and</li> <li>• Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>
Valuation of land and buildings	PCC (and Group)	<p>The PCC and group adopt a rolling programme for its revaluation of non-current assets, with each asset valued at least once every three years. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to the changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the PCC and group financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p>	<p>We will, with assistance from our auditor's in-house valuation expert:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>• evaluate the competence, capabilities and objectivity of the valuation expert;</li> <li>• write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met;</li> <li>• challenge the information and assumptions used by the valuer to assess the completeness and consistency with our understanding;</li> <li>• test revaluations made during the year to see if they had been input correctly into the PCC and Group asset register;</li> <li>• evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end.</li> </ul>

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

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

# Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the net defined benefit pension liabilities/assets	Chief Constable [and Group]	<p>The Chief Constable's net pension liabilities/assets, as reflected in its balance sheet as the net defined benefit liability/asset, represent significant estimates in the financial statements.</p> <p>The pension fund net liability/asset is considered a significant estimate due to the size of the numbers involved (a net liability of £4,575 million in the Chief Constable's 2021/22 balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Chief Constable's pension fund net liabilities/assets as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• update our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liabilities/assets are not materially misstated and evaluate the design of the associated controls;</li> <li>• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the group's pension fund valuation;</li> <li>• assess the accuracy and completeness of the information provided by the group to the actuary to estimate the liability/asset;</li> <li>• test 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;</li> <li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and</li> <li>• obtain assurances from the auditor of Tyne and Wear 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.</li> </ul>

'In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.' (ISA (UK) 315)

# Group audit scope and risk assessment

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

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Police and Crime Commissioner for Northumbria	Yes	Audit of the financial information of the component using component materiality	<ul style="list-style-type: none"> <li>• Management override of controls</li> <li>• Valuation of land and buildings</li> </ul>	Full scope audit performed by Grant Thornton UK LLP
Chief Constable for Northumbria	Yes	Audit of the financial information of the component using component materiality	<ul style="list-style-type: none"> <li>• Management override of controls</li> <li>• Valuation of the net defined benefit pension liabilities/asset</li> </ul>	Full scope audit performed by Grant Thornton UK LLP

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Reports and Annual Governance Statements and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give opinions and our knowledge of the PCC and the Chief Constable.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statements are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your 2022/23 financial statements, consider and decide upon any objections received in relation to the 2022/23 financial statements;
  - issuing a report in the public interest or written recommendations to the PCC or the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 [the Act].
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
  - issuing an advisory notice under section 29 of the Act
- We certify completion of our audits.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.



# Prior year audit issues

We are pleased to report that management have implemented all of our recommendations from prior audit periods.

As part of our risk assessment we have considered the impact of unadjusted prior period errors. Please see the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on 2022/23 risk assessment
<b>Pension Assets</b>			
As part of our work on testing the share of pension fund assets relating to the Chief Constable, we noted that the Pension Fund auditor has identified an unadjusted error in the value of pension fund assets. This corresponds to an understatement in the value of pension assets attributable to the Chief Constable of £1.22m. This understatement has no impact on the general fund.	Cr Other comprehensive income (1,220)	Dr net pension liability 1,220	This is a common finding owing to the timing differences between the publication of the draft accounts and the audit work performed by the pension fund auditor. This does not affect our planned approach to the 2022/23 audit.
Overall impact (Chief Constable accounts)	(1,220)	1,220	
Overall impact (group accounts)	(1,220)	1,220	

# Our approach to materiality

Description	Planned audit procedures
<p><b>Determination</b></p> <p>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 the same benchmark. For our audit testing purposes we apply the lowest of these materiality levels, which is £5,200k (PY £5,200k), which equates to 1.5% of the PCC's gross expenditure for the prior year.</p>	<p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> <li>– establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements</li> <li>– assist in establishing the scope of our audit engagement and audit tests</li> <li>– determine sample sizes and</li> <li>– assist in evaluating the effect of known and likely misstatements in the financial statements</li> </ul>
<p><b>Other factors</b></p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements.</p> <p>An item may be considered to be material by nature where it may affect instances when greater precision is required.</p>	<p>We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures.</p> <p>We have set a materiality of £20,000.</p>
<p><b>Reassessment of materiality</b></p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>
<p><b>Other communications relating to materiality we will report to those charged with governance</b></p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the PCC and the Chief Constable any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.</p> <p>ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the group, the PCC and the Chief Constable, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £260k (PY £260k).</p> <p>If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.</p>



# Our approach to materiality

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

	Amount (£)	Qualitative factors considered
Materiality for each of the PCC, Chief Constable and group financial statements	5,200,000	In setting the headline materiality we consider the overall risk profile of the audited body.
Materiality for specific transactions, balances or disclosures: <ul style="list-style-type: none"> <li>senior officer remuneration</li> </ul>	20,000	In setting a lower specific materiality we consider areas of the accounts which are of heightened interest to the reader.





# IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs. We say more about ISA 315 Revised on slide 21.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Spend/Income	Planned level IT audit assessment
Unit 4	Financial reporting	100%	Design and implementation of the ITGCs

# Value for Money arrangements

## Approach to Value for Money work for the period ended 31 March 2023

The National Audit Office issued its latest Value for Money guidance to auditors in December 2021. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected 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.

We have not identified any risks of significant weaknesses from our initial planning work. We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's annual report.

# Audit logistics and team



## Audit Team:

### Sam Danielli, Audit Incharge

Sam is responsible for the delivery of the audit, acting as first point of contact for management as well as coaching junior members of the team and reviewing the team's work.

### Aaron Gouldman, Audit Manager

Aaron will ensure testing is delivered and any accounting issues are addressed on a timely basis. He is also responsible for the delivery of our VFM work.

### Laurelin Griffiths, Key Audit Partner

Laurelin will be the main contact for the PCC, Chief Constable and Committee members and is responsible for the overall quality of our audit work.

## Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the Annual Reports and the Annual Governance Statements
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

# Audit fees and updated Auditing Standards including ISA 315 Revised

In 2017 PSAA awarded a contract of audit for the PCC and Chief Constable for Northumbria, to begin with effect from 2018/19. Grant Thornton became the appointed auditor part-way through the five-year contract, in 2021, to begin with effect from the 2020/21 audit. The fee set in the contract was £28,529 for the PCC and £14,438 for the Chief Constable. Since the time that the fees were set, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2022/23 audit. For details of the changes which impacted on years up to 2021/22 please see our prior year Audit Plans.

The major change impacting on our audit for 2022/23 is the introduction of ISA (UK) 315 (Revised) - Identifying and assessing the risks of material misstatement ('ISA 315'). There are a number of significant changes that will impact the nature and extent of our risk assessment procedures and the work we perform to respond to these identified risks. Key changes include:

- Enhanced requirements around understanding the PCC and Chief Constable's IT Infrastructure and IT environment. From this we will then identify any risks arising from the use of IT. We are then required to identify the IT General Controls ('ITGCs') that address those risks and test the design and implementation of ITGCs that address the risks arising from the use of IT.
- Additional documentation of our understanding of the PCC and Chief Constable's business model, which may result in us needing to perform additional inquiries to understand the end-to-end processes over more classes of transactions, balances and disclosures.
- We are required to identify controls within a business process and identify which of those controls are controls relevant to the audit. These include, but are not limited to, controls over significant risks and journal entries. We will need to identify the risks arising from the use of IT and the general IT controls (ITGCs) as part of obtaining an understanding of relevant controls.
- Where we do not test the operating effectiveness of controls, the assessment of risk will be the inherent risk, this means that our sample sizes may be larger than in previous years.

These are significant changes which will require us to increase the scope, nature and extent of our audit documentation, particularly in respect of your business processes, and your IT controls. We will be unable to determine the full fee impact until we have undertaken further work in respect of the above areas. However, for an authority of your size, we estimate an initial increase of £1,250 for both the PCC and the Chief Constable. We will let you know if our work in respect of business processes and IT controls identifies any issues requiring further audit testing. There is likely to be an ongoing requirement for a fee increase in future years, although we are unable yet to quantify that.

The other major change to Auditing Standards in 2022/23 is in respect of ISA 240 which deals with the auditor's responsibilities relating to fraud in an audit of financial statements. This Standard gives more prominence to the risk of fraud in the audit planning process. We will let you know during the course of the audit should we be required to undertake any additional work in this area which will impact on your fee.

Taking into account the above, our proposed work and fee for 2022/23, as set out below, is detailed overleaf and has been agreed with the Chief Finance Officer.

# Audit fees

	Actual Fee 2020/21	Estimated* Fee 2021/22	Proposed fee 2022/23
PCC Audit	£46,529	£51,529	£56,279
Chief Constable Audit	£20,938	£28,938	£25,688
<b>Total audit fees (excluding VAT)</b>	<b>£67,467</b>	<b>£80,467</b>	<b>£81,967</b>

\*Subject to PSAA approval

## Assumptions

In setting the above fees, we have assumed that the PCC and Chief Constable will:

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

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

# Audit fees – detailed analysis

	Chief Constable £	PCC £
PSAA published scale fee 2022/23	16,938	32,529
Materiality reduction	1,500	3,500
Valuation specialist	-	5,000
Additional VFM cost	2,000	7,000
Impact of ISA 540	2,000	4,000
Journals testing	1,000	2,000
FRC response	500	1,000
Enhanced audit procedures for Payroll – Change of circumstances	500	-
Increased audit requirements of revised ISAs 315/ 240	1,250	1,250
<b>Total proposed audit fees 2022/23 (excluding VAT)</b>	<b>25,688</b>	<b>56,279</b>

All variations to the scale fee will need to be approved by PSAA

# Independence and non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

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. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies. We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard.

## Other services

No other services provided by Grant Thornton were identified.

# Communication of audit matters with those charged with governance - PCC

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
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		n/a
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

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

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

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

## Respective responsibilities

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

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



# Communication of audit matters with those charged with governance – Chief Constable

Our communication plan	Audit Plan	Audit Findings	<p>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.</p> <p>This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.</p> <p>We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.</p> <p><b>Respective responsibilities</b></p> <p>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.</p> <p>The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Respective responsibilities of auditor and management/those charged with governance	•		
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•		
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•	
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	•	•	
Significant findings from the audit		•	
Significant matters and issue arising during the audit and written representations that have been sought		•	
Significant difficulties encountered during the audit		•	
Significant deficiencies in internal control identified during the audit		•	
Significant matters arising in connection with related parties		•	
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•	
Non-compliance with laws and regulations		•	
Unadjusted misstatements and material disclosure omissions		•	
Expected modifications to the auditor's report, or emphasis of matter		•	





# Auditor's Annual Report on the Police and Crime Commissioner and Chief Constable for Northumbria

Financial year 2021/22

September 2023



# Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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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 completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the PCC and Chief Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

Auditors are required to report their commentary on the PCC's and Chief Constable's arrangements under specified criteria and 2021/22 is the second year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the PCC's and Chief Constable's arrangements for securing economy, efficiency and effectiveness in their use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2020/21 Auditor Judgment		2021/22 Auditor Judgment	
Financial sustainability	No risks of significant weakness identified		No significant weaknesses in arrangements identified		No significant weaknesses in arrangements identified, but an improvement recommendation has been made
Governance	No risks of significant weakness identified		No significant weaknesses in arrangements identified, but improvement recommendation made		No significant weaknesses in arrangements identified. The improvement recommendation has been addressed.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified		No significant weaknesses in arrangements identified		No significant weaknesses in arrangements identified

# Executive summary



## Financial sustainability

The group is operating in an increasingly uncertain financial environment. The Police Funding Settlement for 2022/23 was once again a single year review. Northumbria is continuing to plan with little certainty over funding in the medium term, along with other police entities. For 2022/23 the government provided force level allocations for that year only, with indicative minimum increases nationally provided for 2023/24 and 2024/25.

Despite this uncertainty, and the challenges posed by COVID-19, the group has maintained a good financial position. The PCC and Chief Constable have put forward a series of proposals which forecast a balanced budget for the next four years. In addition, the PCC expects to maintain the general reserve well above the stated prudent minimum level of 2% of the revenue budget, across the MTFS period from 2022-23.

We have raised one 'best practice' improvement recommendation to draw attention to where we believe that arrangements can be strengthened. Our work has not identified any significant weaknesses in arrangements to secure financial stability for the PCC and Chief Constable.

Further details can be seen on pages 6-9 of this report.



## Governance

Our work this year has built on the detailed understanding of the governance arrangements in place at the group that we gained in relation to 2020/21. We identified two areas of focus in relation to the new CFO appointment process in 2022 and a technical data breach occurring in the financial year.

Our work has not identified any significant weaknesses in arrangements in relation to governance.

Further details can be seen on pages 10-12 of this report.



## Improving economy, efficiency and effectiveness

The PCC and Chief Constable have demonstrated a clear understanding of their roles in securing economy, efficiency and effectiveness in their use of resources. The latest PEEL report published in September 2022 attests to the improvements made by the Force since 2018/19 and now considers the Force to be performing to a 'Good' standard overall.

Our work has not identified any significant weaknesses in arrangements in relation to delivering economy efficiency and effectiveness.

Further details can be seen on pages 13-16 of this report.



We have completed our audit of your financial statements and issued unqualified audit opinions for both the Chief Constable and the PCC and group on 12 September 2023.

Our audit findings were presented to the Joint Independent Audit Committee on 27 February 2023, the outgoing Chief Constable on 2 March 2023, their successor on 30 August 2023, and the PCC on 6 September 2023.

Our findings are set out in further detail on page 18.



# Securing economy, efficiency and effectiveness in the PCC and Chief Constable's use of resources

All PCCs and Chief Constables are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The PCC's and Chief Constable's responsibilities are set out in Appendix A.

PCCs and Chief Constables report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the PCC and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial Sustainability

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



## Governance

Arrangements for ensuring that the PCC and Chief Constable make appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the PCC and Chief Constable make decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the PCC and Chief Constable deliver their services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the PCC's and Chief Constable's arrangements in each of these three areas, is set out on pages 6 to 17. Further detail on how we approached our work is included in Appendix B.

# Financial sustainability



## We considered how the PCC and Chief Constable:

- identify all the significant financial pressures that are relevant to their short and medium-term plans and build them into their plans
- plan to bridge funding gaps and identify achievable savings
- plan finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensure the financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identify and manage risk to financial resilience, such as unplanned changes in demand and assumptions underlying their plans.

## 2021/22 Revenue Outturn

In 2021/22, the Force reported an underspend of £4.3m against its approved revenue budget of £305.9m for 2021/22. This is compared to an underspend of £2.3m in 2020/21. The 2021/22 underspend resulted from a combination of non-recurring factors, including:

- £883k income from a business rates rebate following two years of negotiations with the Valuations Office; and
- £535k unused budget for New Ways of Working, due to a lower than expected number of staff claims for Work-From-Home equipment.

This was larger than the expected £2.8m underspend forecast in the Medium Term Financial Strategy (MTFS) 2022-23 to 2025-26 as of February 2022, and represented 1.4% of the Force's approved budget for 2021/22.

The underspend was entirely channelled to the newly created inflationary pressures reserve, to offset larger than expected budget gaps arising due to increasing costs in 2022/23. As at Quarter 3 22/23 revenue budget monitoring, increased costs have been managed within the allocated budget and reserve drawdown has not been required.

This sets the Force in a strong position in the current climate of high inflation and subsequent pressure on wage growth.

## Capital

The revised capital programme approved by the PCC was £21.4m for 2021/22. This represents a £3.8m increase from the original £17.6m programme set out in the MTFS 2021-22 to 2024-25, owing to slippage in 2020/21.

The final capital outturn against this revised budget was £8.8m, giving a total variance of £12.6m, of which £8.4m relates to slippage to the following year. The main capital expenditure highlights of 2021/22 were:

- £4.6m on Digital Policing and Digital Transformation;
- £2.4m on the purchase of new vehicles in line with the fleet management programme;
- £1.6m on Building Works.

On page 9 we have included an improvement recommendation surrounding slippage of capital projects.

The most significant element of capital slippage during 2021/22 was £7.4m in relation to the Digital Policing and Digital Transformation scheme. From capital outturn reports it is apparent that in-year spend on this scheme decreased from £5.1m to £4.6m from 2020/21 to 2021/22, while the planned spend for the same scheme had almost doubled from £6.2m in 2020/21 to £12.1m in 2021/22.

Management have clearly articulated the reasons for this slippage, being predominantly due to supplier-side constraints, global economic and supply chain issues, and the inability of suppliers to deliver on contracts, and have a good understanding of the events that have led to this. The last few years have included a number of unusual, unexpected and significant events, and our recommendation is intended to highlight to management that finance should ensure that their budget setting remains robust and challenging, and going forward it should not be allowed to become the accepted norm that every year is an exceptional year.



# Financial sustainability

## Finance department restructure

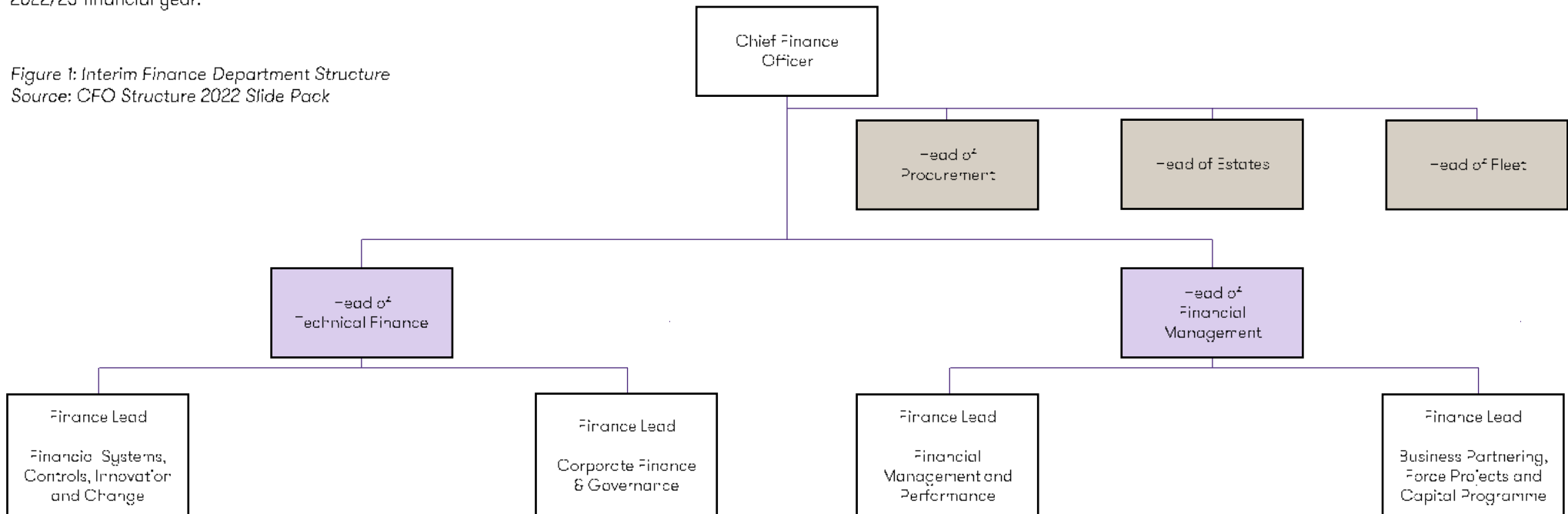
Throughout the 2021/22 financial year the finance team was stable. In April 2022 the long-standing Chief Finance Officer (CFO) retired and was replaced by the existing Head of Finance, following the conclusion of a formal recruitment exercise [see page 11 where this is given specific attention]. As this was an internal appointment, the shifting in roles could have had a knock on effect on the capacity of the finance team, who took on additional responsibilities.

A departmental restructure was proposed in order to mitigate the risk of strain and negative impact on the quality and timeliness of the regular reporting cycle. The finance function now reports into the Executive via an Assistant Chief Officer, however the Chief Finance Officer directly reports to the Chief Constable and PCC and holds regular separate monthly meetings with each to provide strategic finance briefings directly to Those Charged with Governance.

We do not have any significant concerns over the effectiveness of the finance team structure throughout the 2021/22 financial year. The 2022/23 revenue budget appears to have been managed effectively, with the inflationary reserve of £4m created in 2021/22 not needing to be drawn upon. We will consider this further as part of our Value for Money work in relation to the 2022/23 financial year.

Figure 1: Interim Finance Department Structure

Source: CFO Structure 2022 Slide Pack



# Financial sustainability

## Medium Term Financial Strategy (MTFS)

The MTFS budget assumptions are based around the expected achievement of the Force's local targets under the national Uplift programme, which was set by Government to recruit an additional 20,000 police officers nationally by March 2023. Other recruitment targets are considered, which take expected attrition into account. This is consistent with the Workforce plan, which plots the number of expected starters and leavers throughout the year.

The MTFS assumes an annual pay award will be made of 2.5%, and the cost of additional expected officers have been factored in to the MTFS, although largely offset by a special grant available to the Force as it progresses against its recruitment target.

A financial risk assessment is undertaken for both the revenue and capital budgets as part of setting the MTFS. The risk level is assessed in terms of likelihood and impact, and a suggested mitigation is noted.

The financial risk assessment is reviewed as part of the annual revenue and capital budget setting process. As evidence of this, the risk of 'pay awards and price inflation being higher than expected' has moved from medium impact in the 21-22 MTFS, to high impact in the 22-23 MTFS. A direct mitigation is noted in the form of the inflationary pressures earmarked reserve created from the 21-22 revenue underspend of £4m.

The PCC plans to use in-year underspends to manage future inflationary risks. The 22-23 MTFS shows that the forecast underspend of £2.779m would be transferred to an earmarked reserve to manage the impact of significant inflation expected after Q1 2022. These pressures were not anticipated in the approved budget for 2022/23.

The PCC makes use of earmarked reserves to act as backstops in the face of ongoing uncertainty around future funding. The PCC takes a prudent approach and does not take future funding for granted based on current and past settlement amounts.

Earmarked reserves are project-specific and their usage is planned to match the expected need of the related project. Once completed the earmarked reserves are cleared out. The General Reserve is deliberately maintained at a minimum of 2% of budget as part of a prudent reserves strategy. This level has evidently been maintained throughout the 21/22 financial year and through the MTFS period from 2022/23.

## Summary of findings

2021/22 was, similarly to 2020/21, a year of strong financial performance from the Force and OPCC. Larger than expected underspends were channelled into an inflationary risk reserve.

In the 21/22 capital outturn there was £7.4m of slippage in the IT programme, against a budgeted spend of £12.1m. This slippage was added to the revised budget for 22/23. As at Quarter 3 monitoring in 22/23 the forecast year end outturn was £12.96m, with forecast slippage of just over £8m.

While the medium term economic outlook and funding regime remains uncertain, we are satisfied that the PCC and Chief Constable have suitable arrangements to ensure continued financial sustainability.

# Improvement recommendations



## Financial sustainability

### Recommendation

While we acknowledge the context of the supplier-side constraints affecting the delivery and resourcing of capital projects during 2021/22, we recommend that the PCC undertakes a review of the capital budget-setting and monitoring processes to ensure that assumptions are reasonable and realistic for each financial year, and that variances and slippages are appropriately challenged.

### Why/impact

Realistic capital programme estimates allow the organisation to better meet the expectations of service users and ensure the most efficient phasing of capital financing. Going forward it should not be allowed to become the accepted norm that every year is an exceptional year.

### Auditor judgement

While the impact on the timing of capital financing is somewhat mitigated by the use of internal borrowing, it remains important to set a realistic and achievable annual capital budget.

### Summary findings

See page 6 where further detail is provided

### Management Comments

The 4-year capital programme is refreshed on an annual basis and approved by the Commissioner by 31 March each year. The annual capital budget is then updated early in the new financial year to take into account the prior year's outturn position and any identified slippage. This also provides the opportunity for changes in the expected profile of expenditure for the year ahead, revisions to cost estimates, and consideration of new intelligence around expected programme delivery.

The 2023/24 capital budget has been subject to further scrutiny and challenge during June 2023, based on the provisional capital outturn position for 2022/23 and a comprehensive review of budget estimates, timescales for delivery and other assumptions. The revised 2023/24 capital budget will be presented to the Commissioner for approval in July.

Whilst capital budget reporting is presented to the Commissioner on a quarterly basis, it is intended that during 2023/24 the budget reporting process will be strengthened through the addition of monthly reporting on capital schemes to the Executive Team. Thus, providing increased transparency, further opportunity for scrutiny and challenge and early opportunity for remedial action where required.

The range of recommendations that external auditors can make is explained in Appendix B

# Governance



## We considered how the PCC and Chief Constable:

- monitor and assess risk and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approach and carry out the annual budget setting process
- ensure effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); support statutory financial reporting; and ensure corrective action is taken where needed, including in relation to significant partnerships
- ensure they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance and audit committee
- monitor and ensure appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where they procure and commission services.

## Governance and Oversight

The PCC is held to account by the Police and Crime Panel, which is hosted by Gateshead Council. The PCC provides the Panel with strategic updates at the quarterly meetings, and receives constructive feedback and challenge from Panel members.

The panel consists of Councillors representing the five Tyne and Wear Councils, Northumberland County Council and two independent members.

In turn, the Chief Constable is held to account by the PCC for delivering the priorities set out in the Police and Crime Plan (PCP).

The PCC and Chief Constable are supported in their statutory roles as 'Those Charged with Governance' of the two statutory entities by the Joint Independent Audit Committee (JIAC). The JIAC provides independent assurance that adequate corporate and strategic risk management arrangements are in place for the PCC and the Chief Constable. It jointly advises the PCC and the Chief Constable on governance matters as well as good practices.

JIAC performs an annual review of effectiveness and has a published, annually reviewed, Terms of Reference. JIAC receives and reviews reports on processes and controls from both Internal and External Audit. Any recommendations arising are discussed and management implementation is set into motion where appropriate.

## Risk Management

Strategic risks are captured within the Joint Strategic Risk Register (JSRR). The JSRR is presented quarterly to the joint Business Meeting held between the PCC and Chief Constable, as well as to the Joint Independent Audit Committee.

Area Commanders, department heads and the OPCC are responsible for the identification of emerging risks which cannot be controlled locally, and may prevent the Force and PCC from achieving objectives. All risks are regularly reviewed by the respective owners and updated where necessary.

Each strategic risk is RAG rated and assigned an Executive or OPCC owner with responsibility for management and implementation of related controls. The key controls for each risk are detailed within the JSRR risk template. The template also contains areas for Context, Current Factors and Potential Consequences of the risk, which are linked to corporate objectives.

For example, Risk 1 in Nov 2021 was around the strategic finance risk, relating to a potential reduction in funding or increased funding pressures which would require changes to financial planning and/or a change to the resourcing of service delivery. The risk was appropriately assigned to the Chief Constable and Director of Finance, and further detail is given around context, potential consequences, as well as a summary of key controls.

In the February 2022 risk register, risk 4 'Information and Data Management' was rated as high impact and very high likelihood. This risk was appropriately allocated to the Chief Information Officer, and detailed a long list of controls in place to mitigate the risk of data loss or system downtime.

# Governance

## Budget Setting Process

The budget setting process is well controlled and managed between senior members of the finance team, the Joint CFO and the PCC. For example, the Council Tax Precept and Revenue Budget 21/22 paper was clearly marked as prepared by the Principal Accountant, assigned to the Joint CFO and submitted to the Commissioner for review and approval at the February 21 Business Meeting.

The group forecast budget in the 21/22 MTFS incorporated the use of an investment reserve over the MTFS period in order to fund the budget gap and meet the MTFS principle that overall expenditure will be delivered to a sustainable budget over the medium term. For the 22/23 MTFS this included the use of an inflationary pressures reserve filled by the 21/22 group underspend.

A key external driver of the budget is the Uplift programme. The 21/22 budget was intentionally set with the frontloading of officer recruitment in mind, in order to put the Force ahead of its target under the Uplift programme.

In our assessment there is adequate internal and external engagement in the budget setting process. In January 2021 the Commissioner launched a consultation with the public on the proposed 2021/22 precept. The 2021/22 Precept and Budget report was issued to the Police and Crime Panel for consideration on 26 January 2021, and on 2 February 2021 the Police and Crime Panel agreed the Commissioner's proposals to increase the council tax precept for 2021/22 by 4.99%.

In the current economic climate, there is a greater need than ever to consider the impact of a range of scenarios. We have viewed evidence of management's consideration of alternative scenarios and sensitivity analyses on underlying budget assumptions, and consider this process adds rigour to the overall budget setting. Whilst these sensitivities are not included in the published reports and strategies, management intend that reference to this work will be made in key documents for 2023/24 Budget and Precept reports and the MTFS 2023/24 to 2026/27.

## Arrangements to produce, monitor and ensure delivery of the Police and Crime Plan

There are a number of arrangements and established structures to enable effective oversight and delivery of the annually updated PCP. As part of our review we have considered arrangements surrounding governance and oversight, partnership workings and business planning to support delivery of the PCP.

The PCC is supported in her work and decision making by a strong and experienced OPCC leadership structure.

## Recruitment of new Joint CFO

Due to the impending retirement of the long-standing Joint CFO in April 2022, a formal recruitment process was launched in December 2022 to attempt to identify an appropriate candidate. A specialist recruitment agency was used to enable this process, who met with the PCC and Deputy Chief Constable in January 2022 to discuss the role requirements.

During the recruitment exercise, both external and internal candidates were considered. The Executive panel did not identify a candidate who could fulfil the role at the same executive level as the retiring officer.

The decision was subsequently made to promote the internal candidate from Head of Finance to Section 151 (S151) Officer, however within a corporate restructure which would see the S151 Officer reporting to the Assistant Chief Officer, whom would have responsibility to oversee the Finance function.

In evaluation we consider that the organisation followed an appropriate and deliberate approach in attempting to recruit into the CFO role. The corporate restructure will need to be periodically reviewed to ensure that it is effective and allows the CFO to perform their function in the optimal way that ensures value for money is achieved.

# Governance

## Counter-Fraud Arrangements

The organisation has a range of counter-fraud arrangements in place. An organisation-wide Code of Conduct and Whistleblowing Policy exist and are published on the Force website.

Internal audit regularly review fraud detection arrangements. In a completion memo to the PCC and Chief Constable from the IA manager in August 2021, regarding an audit performed over Procurement and Creditors controls, one of the audit objectives was to ensure that effective controls and processes were in place to prevent and detect fraud. Reasonable assurance was given, and a similar conclusion was reached and reported for the repeat audit communicated in July 2022.

As part of the 2021/22 internal audit plan, a Counter Fraud and Corruption audit was performed and the outcome was formally reported to the Chief Constable in November 2021. This letter confirmed that internal audit were satisfied that control systems relating to fraud detection and risk assessment were operating well. In their Sept 22 JIAC covering report, Internal Audit confirmed (para 5.1) that they were not aware of any fraud or irregularity during the 2021/22 period.

From our review of arrangements we are satisfied that these are appropriate to manage the risk of fraud significantly impacting on the Force and OPCC.

## Data Breach

We identified in the draft Annual Governance Statement the disclosure of a data breach during the financial year, which led to correspondence with the ICO over a breach of Data Protection regulations. From inquiries and inspection of relevant documents we are assured that this was an isolated incidence of non-compliance with relevant laws and regulations. The ICO's closure letter in 2022 confirmed there would be no further implications for Northumbria Police, and the organisation dealt appropriately with the matter.

## Progress against previous recommendations

In our 2020/21 auditor's annual report we raised an Improvement Recommendation relating to the need to more formally document the scenario planning and sensitivity analysis stages of the budget setting process. From documents reviewed for our 2021/22 review, we are satisfied that alternative scenario planning and sensitivity analysis is carried out explicitly with regards key items of income and expenditure throughout the MTFS budget and planning process.

## Summary of findings

In 2021/22 the PCC and Chief Constable maintained strong governance arrangements while navigating events such as the appointment of a new CFO and managing a potentially damaging data breach.

Overall, we are satisfied the Force and PCC have appropriate governance arrangements in place. We have not identified any risks of significant weaknesses.

# Improving economy, efficiency and effectiveness



## We considered how the PCC and Chief Constable:

- use financial and performance information to assess performance to identify areas for improvement
- evaluate the services they provide to assess performance and identify areas for improvement
- ensure they deliver their role within significant partnerships and engage with stakeholders they have identified, in order to assess whether objectives are being met
- where they commission or procure services assess whether they are realising the expected benefits.

## Benchmarking and performance

The Force makes proactive use of available benchmarking data, such as that provided by HMICFRS, in order to inform overall Force performance review. HMICFRS places Northumbria Police in a 'Most Similar Group' along with several comparable forces from across the country, allowing for meaningful data benchmarking across the group.

Every quarter crime figures are shared by the PCC at the Police and Crime Panel. These data are published on the PCC website in two sections:

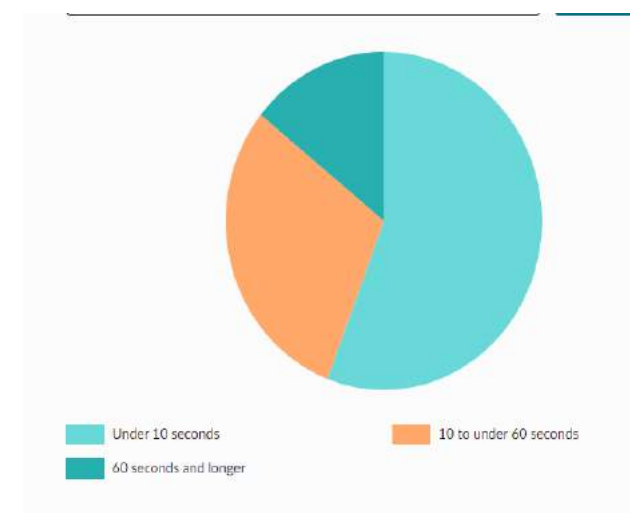
- 1) Data to show performance against the local priorities identified in the Police and Crime Plan
- 2) Data against national priorities as required by the Government

Internally, illustrative infographics are produced to enable senior users to engage with and understand the data.

An area of focus in 2022 was response times to 999 calls, which fell behind the expectation of 90% of calls being answered within 10 seconds. This has been appropriately challenged at the Police and Crime Panel, as well as within internal executive meetings.

Quarterly meetings with HMICFRS are held with the Executive Board in which progress against PEEL findings are reported. The December 2022 report noted that 999 and 101 answer time performance has improved month on month since March 2022.

Figure 2: 999 call response times in March 2022 for Northumbria Police  
Source: Police.uk





# Improving economy, efficiency and effectiveness

## Partnerships and Commissioning

Northumbria Police takes a leading role in hosting the North East Regional Organised Crime Unit (NEROCU, rebranded from NERSOU in 2021/22), which is a formal joint operation between Northumbria, Cleveland and Durham Forces. NEROCU is one of 10 ROCUs across England and Wales, with the express role of facilitating a heightened specialist capability to tackle serious and organised crime in the region. NEROCU operations and effectiveness are regularly reviewed by the Force, and the ROCU programme was subject to a national review by HMICFRS.

In December 2022 HMICFRS published an inspection report on the North East response to serious and organised crime, under the remit of the NEROCU. The report comments that the North East region has excelled in developing and maintaining good relationships with regional partners, for example hosting staff from the National Crime Agency. In this report, Northumbria Police were commended for taking a creative approach to understanding serious and organised crime data, including the use of a variety of partnership data to support the analysis.

The report is positive overall but contains several recommendations to improve efficiency and performance. For example, making better use of Police Staff time for support functions would free specialist investigation teams' time to keep up with demand. The report and findings are being considered by the Chief Officer Team and leads are being appointed to specifically identify actions in response to the recommendation regarding ensuring there are sufficient resources in specialist areas to meet serious and organised crime demand (paedophile online investigation, money laundering and acquisition of communications data).

## Procurement and project management

The Force has clear procurement arrangements detailed on its website. Potential suppliers are directed to the Bluelight Emergency Services e-tendering website. All contracts above £10,000 are listed and available to be viewed by the public. The Procurement Strategy is reviewed every two years.

From a review of significant contracts listed there is no indication of a lack of fair procurement.

The PCC also publishes key decision papers which include tender award documents. A review of these papers confirms that the PCC has in all cases sought the most economically advantageous tender.

Finance monitor each capital project monthly and work closely with each Project Manager of the Digital Policing & Transformation Teams. This is achieved through shared spreadsheets, monthly meetings and regular contact.

There is a major capital scheme in progress, with the overall aim of IT and Digital Transformation. This scheme experienced some slippage in 20/21 and 21/22, however the Force is engaged in pursuing the progress of this scheme which is essential to its medium term strategic objectives.

Where projects are in build stage there are legacy systems maintained, with dual running where necessary, for example the current Airwave system is being supported nationally until the phased implementation of the national Emergency Services Network (ESN) can be completed. The same is the case locally for significant system replacements such as the control room system (NPICCS) replacement programme.

We did not identify significant cost overruns for 2021/22 nor within the forecast for 2022/23.



# Improving economy, efficiency and effectiveness

## HMICFRS Update

In their PEEL inspection report published in September 2022, HMICFRS gave the Force an overall 'Good' rating. The Force was congratulated on its improvement since the previous 'Requires Improvement' rating in the 2018-19 report.

One area of recommendation noted was for the Force to improve its responsiveness to 999 calls, which had fallen below expected levels. It is acknowledged however that only one Force nationally had met the target of answering 90% of 999 calls within 10 seconds, for data analysed between November 2021 and April 2022.

Northumbria have made a stated aim of improving this in their Police and Crime Plan and as recognised by the HMICFRS Inspector's report. As mentioned on page 15 we are assured that 999 response performance has been on an upward trajectory since March 2022.

Figure 4: PEEL Inspection 2021/22 Summary  
Source: HMICFRS

## Our judgments

Our inspection assessed how good Northumbria Police is in ten areas of policing. We make graded judgments in nine of these ten as follows:

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Treatment of the public	Recording data about crime	Responding to the public	
	Investigating crime			
	Preventing crime			
	Protecting vulnerable people			
	Managing offenders			
	Developing a positive workplace			
	Good use of resources			

# Improving economy, efficiency and effectiveness

## Data and Data Quality

Quality and timely reporting of policing and crime data is fundamental for all stakeholders to understand and challenge the performance of the Force. The PCC's Police and Crime Plan 2021-2025 appropriately centres around a commitment to publish data for the sake of transparency and public engagement.

We noted that the Force has an assigned responsible individual for data quality, and a regular internal audit review of the same, with no adverse findings in recent years.

We have seen evidence of the level of work undertaken to monitor the force performance and the performance data quality - regarding compliance with National Crime Recording Standards (NCRS) and Home Office Counting Rules (HOCR).

Crime Recording Standards reports are brought to the Confidence and Standards board. These are prepared by the Crime Data Integrity (CDI) section, who undertake risk-based audits to identify potential areas of risk and non-compliance in relation to NCRS and HOCR. The reports detail how any under-recording of crime has been calculated, and that detailed analyses have been fed back to relevant departments.

The report appropriately presents actions to be implemented in with the crime quality improvement plan.

## Workforce and Uplift

A key aspect of the Force's capability for improved effectiveness is its ability to recruit and retain talented staff. This is primarily monitored as part of the Force's contribution to the Home Office's Uplift Programme, aimed at significantly boosting police officer numbers across the country.

In the 2021/22 national settlement, Northumbria's target was to recruit an additional 181 police officers as part of the national target of 6,000 by March 2022.

In our assessment the Force is clearly engaged with this programme. In setting the 2021/22 updated MTFS, additional funding was planned to be raised via Council Tax Precept to deliver an additional 60 police officer investigator posts in 2021/22. By the time of setting the 2022/23-2025/26 MTFS the target to March 2022 had been successfully delivered. The Force expects to exceed the Home Office's target by the end of the programme in March 2023.

## Summary of Findings

Overall, we are satisfied the PCC and Chief Constable have appropriate arrangements in place to ensure they manage risks to the ongoing improvement of economy, efficiency and effectiveness. We have not identified any risks of significant weaknesses nor have we identified any improvement recommendations.

# Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
The budget setting and approval processes would be strengthened by the inclusion of a visible layer of alternative scenario planning and sensitivity analysis.	Improvement (Governance)	August 2022	Management have demonstrated that scenario and sensitivity analysis is a key part of the PCC's budget setting process.	Yes	No

# Opinion on the financial statements



## Audit opinion on the financial statements

We gave an unqualified opinion on each of the Chief Constable's and the PCC and group's financial statements on 12 September 2023.

## Other opinion/key findings

No other matters to report.

## Audit Findings Report

More detailed findings can be found in our AFR, which was presented to the Chief Constable on 30 August 2023 and the PCC on 6 September 2023.

## Whole of Government Accounts

To support the audit of the Whole of Government Accounts [WGA], we are required to review and report on the WGA return prepared by the PCC and CC.

We have confirmed that the group is below the threshold for detailed work to be required, per the group audit instructions issued by the National Audit Office.

## Preparation of the accounts

The PCC and CC provided draft accounts in line with the national deadline and provided a good set of working papers to support it.

## Issues arising from the accounts

The key issues were:

- Adjustments were made following receipt of actuarial valuations based on full-year information relating to the LGPS. These reports were not available at the time that the draft accounts were published.
- Due to the timing of the audit, information became available from the March 2022 triennial valuation of the LGPS prior to the accounts being signed. Again, this was incorporated into the financial statements.
- A handful of other adjustments were identified by management through the course of our audit, but no significant issues were noted.

## Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation



# Appendices

# Appendix A – Responsibilities of the Police and Crime Commissioner and Chief Constable

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare 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. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the PCC's and Chief Constable's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the PCC and Chief Constable will no longer be provided.

The PCC and Chief Constable are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by the PCC's and Chief Constable's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the PCC and Chief Constable under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC and Chief Constable. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the PCC and Chief Constable, but are not a result of identifying significant weaknesses in the PCC and Chief Constable's arrangements.	Yes	9-10

# Appendix C- Use of auditor's powers

We bring the following matters to your attention:

## Statutory recommendations

We did not issue any such recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

## Public Interest Report

We did not issue any such recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

## Application to the Court

We did not make any such applications

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

## Advisory notice

We did not issue any such notices

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

## Judicial review

We did not make any such applications

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.







# The Joint Audit Findings for

## Police and Crime Commissioner for Northumbria and Chief Constable for Northumbria

**Year ended 31 March 2022**

16 August 2023



# Contents



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## Section

1. Headlines
2. Financial statements
3. Value for money arrangements
4. Independence and ethics

## Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the PCC, the Chief Constable and the group or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# 1. Headlines

This table summarises the key findings and other matters arising from the statutory audits of Police and Crime Commissioner ('the PCC') for Northumbria and the Chief Constable for Northumbria ('the Chief Constable') and the preparation of financial statements for the year ended 31 March 2022 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 respective entity's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

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

Our audit work predominantly took place remotely during January and February 2023. Our work is now finalised and our findings to date are summarised on pages 5 to 16.

The financial statements and supporting working papers were provided ahead of time. Local Government accounts are now incredibly complex, require greater technical input and are subject to greater regulatory burden than ever before. The finance team have been responsive to our audit queries, and we thank them for their hard work throughout the audit.

We have identified adjustments to the primary financial statements, and these are shown in Appendix C. Non-material and unadjusted errors and disclosure points are also detailed in Appendix C. We have not identified any recommendations for management as a result of our current year's audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

Our work is complete, and there are no matters of which we are aware that would require modification of our expected audit opinions, or further 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.

Our audit report opinions on the Chief Constable's, and the PCC and Group's financial statements will be unmodified.

# 1. 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 PCC, the Chief Constable and the group has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the PCC, the Chief Constable and the group'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 PCC, the Chief Constable and the group's arrangements under the following specified criteria:

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

We have finalised our VFM work and we can now issue our Auditor's Annual Report. The national deadline set by DLUHC of 30 September was moved to 30 November for 2021/22 only. Under the 2020 Code of Audit Practice we are required to communicate any delays beyond 30 September (the original deadline) to Those Charged with Governance. Separate audit letters explaining the reasons for the delay were sent to the PCC and Chief Constable.

We expect to issue our Auditor's Annual Report in August 2023. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the PCC, the Chief Constable and the group's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any risks of significant weakness from our risk assessment performed. We identified the following areas of focus:

- Your arrangements for setting the Medium Term Financial Plan and capital strategy and achieving financial sustainability.
- Your arrangements for service transformation and innovation.
- Your arrangements for working with your key partners to deliver services efficiently and improve the lives of local residents.
- Your governance arrangements, and in particular a consideration of the end to end decision making between the Force and the PCC

Our work on these areas of focus is complete and no areas of significant weakness were identified. More detail is set out in the value for money arrangements section of this report.

## 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 for either entity.

We have completed the majority of work under the Code, and we plan to certify the completion of the audit at the time that we issue the audit opinions, as we will have completed both of the following:

- Our work on the PCC's and the Chief Constable's VFM arrangements, as set out above. We will be report this separately in our Annual Auditor's Report by 31 August 2023.
- Specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. The NAO has confirmed that no detailed work will be required for the group due to the entity falling below the WGA materiality threshold.

## Significant Matters

We did not encounter any significant difficulties during the audit. Significant matters arising during our audit are described in the body of the report.

We note there was a significant delay in receiving responses to our initial inquiries of management and those charged with governance. These planning procedures help to determine our audit strategy and so late information could result in us having to revise the work performed to date. We must emphasise the need to provide timely responses in advance of audit fieldwork commencing for future audits.

## 2. Financial Statements

### Overview of the scope of our audit

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

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

### Audit approach

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

- An evaluation of the PCC's and the Chief Constable's internal controls environments, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

### Conclusion

We have completed our audit of your financial statements and plan to imminently issue unmodified audit opinions for the Chief Constable's, the PCC's and Group's financial statements, subject to receiving and checking the final, signed, financial statements and letters of representation.

### Acknowledgements

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

## 2. Financial Statements



### Our approach to materiality

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

Materiality levels remain the same as reported in our audit plan communicated at JIAC in September 2022.

We detail in the table on this page our determination of materiality.

	Group (£000)	PCC (£000)	Chief Constable (£000)	Qualitative factors considered
Materiality for the financial statements	6,300	5,200	6,300	This benchmark is determined as a percentage of the entity's Gross Revenue Expenditure in year and considers the business environment and external factors.
Performance materiality	4,400	3,600	4,400	Performance Materiality is based on a percentage of the overall materiality and considers the control environment/ accuracy of accounts and working papers provided.
Trivial matters	320	260	310	Triviality is set at 5% of Headline Materiality. This is the level at which matters are determined to be significant enough to warrant reporting to Those Charged with Governance.
A specific materiality of £21,500 was set for officer remuneration disclosures, reflecting the increased sensitivity of these disclosures.				

We 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 the same benchmark.

For our audit testing purposes we apply the lowest of these materiality levels, which is £5,200k (PY £6,600k), which equates to just under 1.5% of the PCC's gross expenditure for the year.



## 2. Financial Statements - Significant risks

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

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

Risks identified in our Audit Plan	Relates to	Commentary
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>The PCC and Chief Constable face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement</p>	<p>Group, PCC and Chief Constable</p>	<p>In response to the risk highlighted in the audit plan we have undertaken the following work:</p> <ul style="list-style-type: none"> <li>• Evaluated the design effectiveness of management controls over journals;</li> <li>• Analysed the journals listing and determined the criteria for selecting high-risk unusual journals;</li> <li>• Tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• Gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and</li> <li>• Evaluated the rationale for any change in accounting policies, estimates or significant unusual transactions.</li> </ul> <p><b>Conclusion</b></p> <p>Our testing is complete and our work has not identified any material issues in relation to management override of controls.</p>

## 2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p><b>ISA240 revenue risk</b></p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	Rebutted	<p>Having considered the risk factors set out in ISA (UK) 240 and the nature of the revenue streams at the PCC, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• There is little incentive to manipulate revenue recognition</li> <li>• Opportunities to manipulate revenue recognition are very limited; and</li> <li>• The culture and ethical framework of local authorities, including the PCC, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore we do not consider this to be a significant risk for the PCC or the Group.</p> <p>For the Chief Constable, revenue is received solely from the PCC and is recognised to fund costs and liabilities relating to resources consumed in the direction and control of day-to-day policing. This is shown in the Chief Constable's financial statements as a transfer of resource from the PCC to the Chief Constable for the cost of policing services.</p> <p>Therefore we do not consider this to be a significant risk for the Chief Constable.</p> <p>Furthermore, there have been no findings in our audit fieldwork that would change our assessment reported in the audit plan.</p> <p><b>Conclusion</b></p> <p>Our audit work in this area is complete and has not identified any issues in respect of revenue recognition.</p>

## 2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p><b>Valuation of land and buildings</b></p> <p>The PCC and Group revalue their land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£83m as at 31 March 2022) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the PCC and Group financial statements is not materially different from the current value or the fair value [for surplus assets] at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.</p>	PCC and group	<p>In response to the risk highlighted in the audit plan we have undertaken the following work:</p> <ul style="list-style-type: none"> <li>evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>evaluated the competence, capabilities and objectivity of the valuation expert;</li> <li>written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met;</li> <li>with input from internal valuation specialists, we have challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding;</li> <li>tested revaluations made during the year to see if they had been input correctly into the PCC and Group asset register; and</li> <li>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 different from current value at year end.</li> </ul> <p><b>Conclusion</b></p> <p>Our work is complete and has not identified any material issues in relation to the valuation of land and buildings.</p>

## 2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p><b>Valuation of pension net liability</b></p> <p>The group's pension net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension net liability is considered a significant estimate due to the size of the numbers involved (£4,601m in the group's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>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). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>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.</p> <p>The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 2% effect on the liability.</p> <p>We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimates due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the pension net liability as a significant risk.</p>	<p><b>Chief Constable and group</b></p>	<p>In response to the risk highlighted in the audit plan we have undertaken the following work:</p> <ul style="list-style-type: none"> <li>updated our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluated the design of the associated controls;</li> <li>evaluated the instructions issued by management to their management experts (actuaries) for this estimate and the scope of the actuaries' work;</li> <li>assessed the competence, capabilities and objectivity of the actuaries who carried out the pension fund valuations;</li> <li>assessed the accuracy and completeness of the information provided by the group to the actuaries to estimate the liabilities;</li> <li>tested the consistency of the pension fund net liabilities and disclosures in the notes to the core financial statements with the actuarial reports from the actuaries; and</li> <li>undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as an auditor's expert) and performing any additional procedures suggested within the report.</li> </ul> <p>We also requested assurances from the auditor of the Tyne and Wear Pension Fund as to the controls surrounding the validity and accuracy of membership data and benefits data sent to the LGPS actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</p> <p>The assurance letter was provided on 24 March 2023 and gave rise to a non-material understatement of the Chief Constable's share of the pension fund's assets. This has been discussed with management and included in Appendix C within the Unadjusted Misstatements table.</p> <p>Due to the timing of this report, we were not able to complete the audit before the results of the 2022 triennial review were finalised. The results of this review provided better information on the pension fund than had initially been used in the financial statements, as these were based on the rolled forward results of the 2019 valuation. This led the PCC and Chief Constable to commission revised IAS19 reports from the scheme actuary, which resulted in material adjustment to the Chief Constable and Group's liability position.</p> <p>We have also requested further assurances from the pension fund auditor surrounding the accuracy of member data used in this triennial revaluation. These were received in early August 2023, and following our evaluation of this work we were able to conclude our work.</p> <p><b>Conclusion</b></p> <p>Our work is complete following the resolution of all material issues in relation to the valuation of the net pension liability.</p>

## 2. Financial Statements – key judgements and estimates

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

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations £83m (PCC and Group)	<p>Land and buildings comprises £83m of assets such as police stations and custody suites, which are required to be valued at current value.</p> <p>The PCC has engaged its internal valuer to complete the valuation of all land and buildings as at 31 March on a three yearly cyclical basis. In order to ensure that the carrying value of all land and buildings as at 31 March 2022 is not materially different to the current value, this is supplemented by an annual review to identify assets that need to be revalued. This meant that 85% of assets were revalued in year.</p>	<p>We reviewed your assessment of the estimate considering:</p> <ul style="list-style-type: none"> <li>Revised ISA 540 requirements;</li> <li>Assessment of management's expert to be competent, capable and objective;</li> <li>Completeness and accuracy of the underlying information used to determine the estimate;</li> <li>Review of methodology and assumptions performed by internal valuation specialist colleagues;</li> <li>Reasonableness of increase/decrease in estimates on individual assets;</li> <li>Consistency of estimate against the Gerald Eve report on property market trends, and reasonableness of the decrease in the estimate; and</li> <li>Adequacy of disclosure of estimate in the financial statements.</li> </ul> <p>All your buildings have been appropriately valued by the instructed valuer. We noted that there has been no changes in assumptions from the previous years and these are outlined in your accounting policies.</p> <p><b>Conclusion:</b></p> <p>Our work is complete and has not identified any material issues in relation to Valuation of land and buildings.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

## 2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
Net pension liability – £4,576m (Chief Constable and Group)	<p>The PCC and Chief Constable's total net pension liability at 31 March 2022 is £4,576m (PY £4,518m) comprising the organisation's share of the Tyne and Wear Local Government Pension Scheme, and the Police Pension Scheme.</p> <p>The liabilities of the Police Pension and Compensation Schemes have been assessed by the Government Actuary's Department (GAD).</p> <p>The LGPS fund liabilities have been assessed by Aon Solutions to provide actuarial valuations of the group's assets and liabilities are derived from these schemes, utilising key assumptions such as life expectancy, discount rates and salary growth.</p> <p>Given the significant value of the net pension liability, small changes in assumptions can result in significant valuation movements.</p>	<ul style="list-style-type: none"> <li>We have obtained an understanding of the processes and controls put in place by management to ensure the group's pension fund net liability is not materially misstated and evaluated the design of associated controls;</li> <li>We have assessed the competence, capabilities and objectivity of the actuaries who carried out the pension fund valuation for LGPS and PPS;</li> <li>We have assessed the impact of any changes to the valuation method;</li> <li>We have assessed the accuracy and completeness of information provided by management to the actuary to estimate the liability;</li> <li>We have used PwC as our auditor's expert to assess the actuaries and assumptions made by actuaries - see table below and on page 15 for comparison with the actuaries assumptions.</li> </ul> <table> <tr> <th>LGPS Assumption</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr> <tr> <td>Discount rate</td><td>2.70%</td><td>2.70% - 2.80%</td><td>●</td></tr> <tr> <td>Pension increase rate</td><td>2.90%</td><td>2.80% - 3.10%</td><td>●</td></tr> <tr> <td>Salary growth</td><td>4.40%</td><td>1.0% to 1.5% p.a. above CPI</td><td>●</td></tr> <tr> <td>Life expectancy at 65 Males currently 45 / 65</td><td>Current - 21.5 years Future - 22.8 years</td><td>Current - 20.7 - 22.8 years Future - 22.5 - 24.7 years</td><td>●</td></tr> <tr> <td>Life expectancy at 65 Females currently 45 / 65</td><td>Current - 24.5 years Future - 26.0 years</td><td>Current - 23.6 - 25.4 years Future - 25.0 - 27.1 years</td><td>●</td></tr> </table>	LGPS Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.70%	2.70% - 2.80%	●	Pension increase rate	2.90%	2.80% - 3.10%	●	Salary growth	4.40%	1.0% to 1.5% p.a. above CPI	●	Life expectancy at 65 Males currently 45 / 65	Current - 21.5 years Future - 22.8 years	Current - 20.7 - 22.8 years Future - 22.5 - 24.7 years	●	Life expectancy at 65 Females currently 45 / 65	Current - 24.5 years Future - 26.0 years	Current - 23.6 - 25.4 years Future - 25.0 - 27.1 years	●	We consider management's process is appropriate and key assumptions are neither optimistic or cautious
LGPS Assumption	Actuary Value	PwC range	Assessment																								
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## 2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments				Assessment
Net pension liability – £4,576m [Chief Constable and Group]	See previous page.	PPS Assumption	Actuary Value	PwC range	Assessment	We consider management's process is appropriate and key assumptions are neither optimistic or cautious
		Discount rate	2.65%	2.65%	●	
		Pension increase rate	3.00%	3.00%	●	
		Salary growth	4.75%	4.75%	●	
		Life expectancy at 65 Males currently 45 / 65	Current - 22.1 years Future - 23.8 years	Current - 21.5 - 22.1 years Future - 23.2 - 23.8 years	●	
		Life expectancy Females currently 45 / 65	Current - 23.8 years Future - 25.4 years	Current - 21.5 - 23.8 years Future - 23.2 - 25.4 years	●	
		<b>Conclusion</b> Following the receipt of the assurance letters from the auditor of Tyne and Wear Pension Fund, we have been able to satisfactorily conclude our audit testing procedures. We are satisfied with the appropriateness of the material adjustments made to the group's pension liabilities and assets, as notified by the Tyne and Wear Pension Fund. No other matters have been identified.				

## 2. Financial Statements - other communication requirements

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

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the PCC, Chief Constable and the 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	We identified in the draft AGS the disclosure of a data breach during the financial year, which led to correspondence with the ICO over a breach of Data Protection regulations. From inquiries and inspection of relevant documents we are assured that this was an isolated incidence of non-compliance with relevant laws and regulations. The ICO's closure letter confirmed there would be no further implications for Northumbria Police, and the organisation dealt appropriately with the matter.
Written representations	Letters of representation will be requested from both the PCC and Chief Constable. The format of the letters are attached as appendices to this report.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to banking, loan and investment counterparties. This permission was granted and the requests were sent. These requests were returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the Chief Constable's and the PCC's and group's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	Aside from responses to our formal inquiries of management and those charged with governance, all information and explanations requested from management were provided in a timely manner.



## 2. Financial Statements - other communication requirements



### Our responsibility

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

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting PCC, the Chief Constable and the group recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities</li> <li>for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the PCC, the Chief Constable and the group's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.</li> </ul> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the PCC, the Chief Constable and the group meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>the nature of the PCC, the Chief Constable and the group and the environment in which it operates</li> <li>the PCC, the Chief Constable and the group's financial reporting framework</li> <li>the PCC, the Chief Constable and the group's system of internal control for identifying events or conditions relevant to going concern</li> <li>management's going concern assessment.</li> </ul> <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>a material uncertainty related to going concern has not been identified</li> <li>management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>

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

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect. The draft wording for our opinions are included as appendices of this report.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance 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,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es.</li> </ul> <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts [WGA] consolidation pack under WGA group audit instructions.</p> <p>The NAO has confirmed the extent of work required for the WGA 2021-22 exercise, and we can confirm that no detailed work will be required for the group.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2021/22 audit of the PCC, Chief Constable and Group following the completion of our audit opinion, our work on the group's value for money arrangements, and communication procedures required on the WGA by the NAO.</p>



# 3. Value for Money arrangements

## Approach to Value for Money work for 2021/22

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

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

On work in this area is complete. We have not identified any risks of significant weakness, nor anything which would impact on the financial statements and our opinion thereon.



### Improving economy, efficiency and effectiveness

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



### Financial Sustainability

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



### Governance

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



## Potential types of recommendations

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



### Statutory recommendation

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



### Key recommendation

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



### Improvement recommendation

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

## 4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Authority's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Authority's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

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

Details of fees charged are detailed in Appendix C.

### Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

### Audit and non-audit services

Grant Thornton UK LLP provided a Tax and VAT Helpline service to the PCC during the 2020/21 and 2021/22 financial years. This Helpline was provided to answer non-complex queries on tax and VAT treatments. The Helpline was last used in June 2021, prior to our appointment as the group's external auditors on 27 October 2021. The service ceased on our appointment. The Helpline was provided by a separate team of tax specialists within Grant Thornton UK LLP, who will have no involvement in the external audit process.

Full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms are included in the table below.

Service	Fees £	Threats	Safeguards
<b>Audit related</b>			
None identified			
<b>Non-audit related</b>			
Tax and VAT Helpline (April 2021 – October 2021)	1,200	Self-Interest Familiarity	The level of recurring fees taken on their own is not considered a significant threat to independence as the fee for this work is £1,200 in comparison to the confirmed scale fee for the audit of £42,967 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. The service was provided by a separate team of tax specialists within Grant Thornton UK LLP, who will have no involvement in the external audit process. These factors mitigate the perceived threat to an acceptable level.

# Appendices

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# A. Action plan – Audit of Financial Statements

We have not to date identified any control deficiencies or recommendations for the Chief Constable, PCC and group as a result of issues identified during the course of our audit. In appendix B we have documented our assessment of how recommendations raised in the previous year's audit have been addressed.

## B. Follow up of prior year recommendations

### Assessment

- ✓ Action completed
- X Not yet addressed

We identified the following issues in the audits of the Chief Constable, PCC and group 2020/21 financial statements, which resulted in 5 recommendations being reported in our 2020/21 Audit Findings report.

We have followed up on the implementation of our recommendations and the results are described below.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><b>IT general controls – Inappropriate user access (high risk, relates to the Group):</b></p> <p>The results of our work on the design effectiveness of the IT general controls environment identified an instance of inappropriate access rights having been granted. The combination of privileges granted creates a risk that system-enforced internal controls could be bypassed.</p> <p>Recommendation:</p> <p>Access should be based on the principle of least privilege and commensurate with job responsibilities. Management should review access rights assigned to privileged system users to identify and remove conflicting access rights.</p> <p>If incompatible business functions are granted to users due to organisational size constraints, management should ensure that there are review procedures in place to monitor activities.</p>	<p><b>Reported position at JIAC July 2022:</b></p> <p>Management accept the auditors recommendation and will implement this change to this user's access.</p> <p><b>Audit update February 2023:</b></p> <p>We are pleased to confirm that management have satisfactorily addressed this recommendation. We note however that this was addressed after the year of audit and we have therefore designed our audit procedures for 2021/22 with these risks in mind.</p>
✓	<p><b>IT general controls- (low risk, relates to the Group):</b></p> <p>Our work on assessing the design effective of the IT general controls identified three improvement recommendations to strengthen controls around password policies, the granting of user access rights and policies around IT change management.</p>	<p><b>Reported position at JIAC July 2022:</b></p> <p>These were discussed with management and management accepted the best practice recommendations and agreed to implement during current finance year 22/23.</p> <p><b>Audit update February 2023:</b></p> <p>We are pleased to confirm that management have satisfactorily addressed this recommendation. We note however that has been addressed after the year of audit and we have therefore designed our audit procedures for 2021/22 with these risks in mind.</p>

## B. Follow up of prior year recommendations (cont.)

### Assessment

- ✓ Action completed
- X Not yet addressed

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><b>Pensions lump-sum payments being reported in the wrong period (medium risk, relates to the CC):</b></p> <p>Our work on pension fund lump-sums in 2020/21 found instances of lump-sum payments in 2021/22 being reported in 2020/21.</p> <p>Further investigation identified that this issue was also present in 2019/20, and the net error on the 2020/21 reported lump-sum payments figure was trivial in value.</p>	<p><b>Reported position at JIAC July 2022:</b></p> <p>Management agreed to implement our recommendation.</p> <p><b>Audit update at March 2023:</b></p> <p>We are pleased to confirm that management have satisfactorily addressed this recommendation.</p>
✓	<p><b>Existence of fully depreciated assets (medium risk, applies to PCC):</b></p> <p>As part of our 20/21 audit work we identified several assets that were fully depreciated but had been previously disposed of or were no longer in use. For such assets still in use, there is a risk that gross cost and accumulated depreciation is overstated.</p> <p>We gained assurance through the completion of follow up work that there was not a risk of material misstatement arising from the issue.</p> <p><b>Recommendation:</b></p> <p>We therefore recommended that management should actively review the full asset register each year, especially for assets which are fully depreciated, to ensure that any assets no longer owned are removed from the register.</p>	<p><b>Reported position at JIAC July 2022:</b></p> <p>Management agreed to implement our recommendation.</p> <p><b>Audit update February 2023:</b></p> <p>We are pleased to confirm that management have satisfactorily addressed this recommendation.</p>



## B. Follow up of prior year recommendations (cont.)

### Assessment

- ✓ Action completed
- X Not yet addressed

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Incorrect recognition of assets additions (medium risk, applies to PCC)</p> <p>As part of our 20/21 audit work we identified a vehicle purchase that had been accounted for in 2020/21 but should have been recognised in 2021/22. The item was trivial at £55K. We performed additional sample testing of vehicles additions and did not find any similar errors. We extrapolated the error and reported this within the adjustments schedule of our Audit Findings Report.</p> <p>We therefore recommended that management consider the process in place for accruing year end purchases and whether improvements can be made to avoid similar issues arising in future years.</p>	<p><b>Update July 2022:</b></p> <p>Management agreed to implement our recommendation.</p> <p><b>Audit update February 2023:</b></p> <p>We are satisfied that management have taken sufficient action to mitigate this risk. Management performed a full review of vehicles acquisitions accrued at year end, involving liaison with fleet staff.</p> <p>In the course of our testing in 2021-22 one vehicle (value £17k) was identified as not having been delivered by 31 March 2022. We are satisfied that this was an isolated instance and therefore there is no extrapolated error to report in Appendix C, nor does this undermine the clearance of this recommendation.</p>

# C. 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 - Chief Constable single entity accounts

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Identified by	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000
Management adjusted for revised pension fund asset investment returns within the Tyne and Wear Pension Fund following receipt of updated information provided by the Fund after the date of publication of the Draft Statements of Account for the Chief Constable and the Group. The increased returns led to an increase in the value of the assets within the Chief Constable's net pension liability, and an increase on the return on assets within other comprehensive income.	Management	Cr Other comprehensive income (8,230)	Dr net pension liability 8,230
Management adjusted the net defined benefit pension liability to account for the Tyne and Wear Pension Fund's triennial valuation report. This report was published in March 2023 but provided more accurate information about the pension liabilities attributable to the Chief Constable as at the valuation date of 31 March 2022.	Management	Cr Other comprehensive income (16,610)	Dr net pension liability 16,610
Management adjusted the Chief Constable's debtor and creditor balances upon review of the allocation between the PCC and the CC in the draft accounts.	Management		Dr debtors 5,486  Cr creditors (5,486)
<b>Overall impact (CC accounts)</b>		<b>(24,840)</b>	<b>24,840</b>

# C. 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 - PCC single entity accounts

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Identified by	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000
Following an audit query, management corrected the PCC's debtor and creditor balances in respect of Council Tax balances between the PCC and Newcastle City Council. The debtor reduction of £184k was trivial however the creditor reduction of £364k was above our trivial reporting threshold. The movement also followed through to the CIES, MIRS and various disclosure notes.	Audit team		Cr debtors
A further £91k reallocation between PCC and Chief Constable balances resulted in a net-nil adjustment between debtors and creditors in the PCC accounts.		Cr Taxation and non-specific grants (180)	(275) Dr creditors 455
<b>Overall impact (PCC accounts)</b>		<b>(180)</b>	<b>180</b>

## Impact of adjusted misstatements - group accounts

We did not identify any non-trivial adjusted misstatements in the group accounts, other than those summarised below which feed through to the group from the PCC and CC accounts.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000
Overall impact of adjustments (CC accounts)	Cr Other comprehensive income (24,840)	Dr net pension liability 24,840
Overall impact of adjustments (PCC accounts)	Cr (180)	Cr debtors (275) Dr creditors 455
<b>Overall impact of adjustments (group accounts)</b>	<b>(25,020)</b>	<b>25,020</b>

# C. 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.

## 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	Relates to	Findings and Auditor recommendations	Adjustment agreed?
Cash flow statement	All	The prior year comparator figures on the cash flow statement were identified as relating to the 2019/20 figures, instead of the 2020/21 figures. Management agreed to amend the financial statements.	✓
Accounting Policies – PPE revaluations	PCC	Our initial accounts review identified that the policy referred to an annual revaluation date of 1 April, which is incorrect since the PCC moved its revaluation date to 31 March for 2021/22. Management agreed to amend the disclosure.	✓
Accounting Policies – Accrual of revenue	PCC	The revenue recognition policy should be reviewed in conjunction with the CIPFA Code section 2.7. We are satisfied that this does not give rise to a risk of material misstatement in the financial statements.	X
Note 2 – Expenditure and income analysed by nature Note 10 – Grant income	PCC/Group	Management identified a classification error in Note 2. £1,021k had been included in Other Operating Income in respect of funds received in relation to the National Driver Offender Retraining Scheme (NDORS). This has been reclassified under revenue grants and contributions. We consider this to be an appropriate reclassification.	✓
Note 4 – Critical Judgements	All	We noted that in the draft financial statements, the disclosure of 'critical judgements in applying accounting policies' did not fully meet the requirements of the Code and IAS 1. Management agreed to review the relevance of this disclosure note going forward from 2022/23.	X
Note 7 – estimation uncertainty – pension liabilities	PCC	Our initial review of the accounts identified that the material uncertainty relating to pension liability figures does not apply to the PCC accounts since the liability is not material for the OPCC as an entity. Management agreed to remove this disclosure for the PCC.	✓

# C. Audit Adjustments

## Misclassification and disclosure changes (cont.)

Disclosure	Relates to	Findings and Auditor recommendations	Adjustment agreed?
<b>Note 8 – Police and Social Reform Act</b>	All	<p>In our view the information included in this note should be incorporated into the accounting policies.</p> <p>Additionally we considered that the tables on page 38 contain information that should be visible in the CIES and the disclosures relating to debtors and creditors, and is therefore unnecessarily duplicated.</p> <p>Management agreed to the above recommendations and have amended for these in the updated financial statements.</p>	✓
<b>Note 9a – Adjustments between accounting and funding bases</b>	All	<p>We consider that note 9a is repetition of information already presented in the face of the CIES and MIRS. It is therefore not necessary to repeat it in a disclosure note.</p> <p>Management agreed to remove this table in the updated financial statements.</p>	✓
<b>Note 9c – Analysis of transfers to/from reserves</b>	All	<p>Our review identified that the transfers to/from reserves table should also show detailed movements in the prior period. This also applies to the unusable reserve disclosure tables.</p>	✓
<b>Note 10 – Audit Fees</b>	All	<p>Disclosures of fees paid have been amended to reflect additional fees for earlier years in the year in which the expenditure was recognised.</p>	✓
<b>Note 11 – Tax and non-specific grant income note</b>	PCC	<p>Our initial accounts review identified that this disclosure note did not agree to the CIES.</p> <p>Management checked this and confirmed that two figures were not disclosed correctly and would be amended:</p> <ol style="list-style-type: none"> <li>1) The year end precept adjustment</li> <li>2) Capital grants</li> </ol>	✓
<b>Note 13 – Employees earning over £50k</b>	PCC/Group	<p>Upon our query of the increase in the number of staff disclosed in this table for the OPCC, management checked and confirmed that the draft accounts table had incorrectly included NI and pensions contributions in assessing bandings. This had resulted in seven additional employees being incorrectly included in the table. Management have corrected the disclosure.</p>	✓
<b>Note 14 – Related Parties and Joint Arrangements</b>	All	<p>We recommended that the Joint Arrangements note be presented in a separate note to Related Parties, since the disclosure is governed by different accounting standards and is not to be confused as an aspect of Related Parties.</p> <p>Management agreed and have added new disclosure notes for Joint Arrangements:</p> <ul style="list-style-type: none"> <li>• Note 13 in the CC accounts</li> <li>• Note 15 in the PCC accounts</li> </ul>	✓

# C. Audit Adjustments

## Misclassification and disclosure changes (cont.)

Disclosure	Relates to	Findings and Auditor recommendations	Adjustment agreed?
Note 15 – Capital Expenditure and Contributions	PCC/Group	The comparative closing capital financing requirement (CFR) at 31 March 2021 was inaccurately disclosed in the draft 2021/22 accounts as the same value as the opening CFR. This meant the opening and closing CFR was also misstated for 2021/22. Management agreed to amend the disclosure by £2.679m to the correct figure.	✓
Note 21 – Financial Instruments	PCC/Group	Our initial accounts review identified that the analysis of assets on p76 is inconsistent with the balance sheet. Management checked this and confirmed that the disclosed figure for Gross Value of Deposits had not pulled through correctly and would be amended.	✓
Pension Fund Account	Chief Constable	A Net Asset Statement should be prepared due to the existence of pension fund debtors and creditors at the year end date. Since figures are not material management have decided not to amend but to consider including this for 2022/23.	X
Various	All	A number of other more minor changes have been agreed with management in relation to disclosure notes and accounting policies throughout the financial statements to improve accuracy, clarity and understandability.	✓

# C. 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 unadjusted misstatements - Chief Constable single entity accounts

All unadjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Identified by	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000
<b>Pension Assets</b>	Audit team		
As part of our work on testing the share of pension fund assets relating to the Chief Constable, we noted that the Pension Fund auditor has identified an unadjusted error in the value of pension fund assets. This corresponds to an understatement in the value of pension assets attributable to the Chief Constable.		Cr Other comprehensive income (1,220)	Dr net pension liability 1,220
This understatement has no impact on the general fund.			
<b>Overall impact (CC accounts)</b>		(1,220)	1,220
<b>Overall impact (group accounts)</b>		(1,220)	1,220

## Impact of unadjusted misstatements - PCC single entity accounts

We did not identify any unadjusted misstatements in the financial statements for the year ending 31 March 2022.

# C. Audit Adjustments



## Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2020/21 financial statements. These were previously reported to JIAC in July 2022, however we are required to evaluate the impact that prior year unadjusted misstatements might have on the current year's opening balances, in light of the current year's audit materiality (reduced to £5.2m).

As the below issues are well below our revised materiality level, we are satisfied that no further action is required in respect of these.

Detail	Relates to	Reason for not adjusting	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000
Operational buildings have been revalued as at 31 March 2021 but processed with an effective date of 1 April 2020. A full year's depreciation has been charged on these assets, meaning they are held in the balance sheet at a lower value than that provided by the valuer.  The value of these assets is therefore understated. This adjustment would have no impact on the general fund.	PCC	Immaterial for 2020/21 financial year  Valuation method under review for 2021/22	(1,364)	1,364
Testing of capital additions identified items that had been accounted for in 2020/21 but should have been included in 2021/22.  We have determined an estimate of the potential impact of this error by extrapolating our findings – indicating a potential overstatement of PPE of £1,402k, with a corresponding overstatement of the PCC's creditor balances.	PCC	Extrapolated figure  Controls to be reviewed for 2021/22		(1,402) 1,402
<b>Overall impact</b>			<b>(1,364)</b>	<b>1,364</b>



# D. Fees

We confirm below our proposed fees charged for the 2021/22 are as communicated in our audit plan in September 2022. PSAA have since given final approval to the below final fees for the 2020/21 audit year. The fees below reconcile to the financial statements for each entity.

<b>Audit fees</b>	<b>Scale fee (both years)</b>	<b>Final approved fee 2020/21</b>	<b>Proposed fee 2021/22</b>	<b>Final fee 2021/22</b>
PCC Audit	£28,529	£46,529	£51,529	£51,529
Chief Constable Audit	£14,438	£20,938	£22,938	£28,938
<b>Total audit fees (excluding VAT)</b>	<b>£42,967</b>	<b>£67,467</b>	<b>£74,467</b>	<b>£80,467</b>

## Non-audit fees

Grant Thornton UK LLP provided a Tax and VAT Helpline service to the PCC during the 2020/21 and 2021/22 financial years. The fee was fixed at £1,200 per year. This Helpline was provided to answer non-complex queries on tax and VAT treatments. The Helpline was last used in June 2021, prior to our appointment as the group's external auditors on 27 October 2021. The service ceased on our appointment. The Helpline was provided by a separate team of tax specialists within Grant Thornton UK LLP, who have had no involvement in the external audit process.

# D. Audit fees – detailed analysis

The below analysis was also reported within our audit plan to JIAC in September 2022. PSAA have since approved the final 20/21 fees, and these have been subsequently settled.

	CC £	PCC £
<b>Scale fee published by PSAA</b>	<b>14,438</b>	<b>28,529</b>
<b><i>Ongoing increases to scale fee identified in 2020/21</i></b>		
Raising the bar/regulatory factors	750	1,500
Enhanced audit procedures for Property, Plant and Equipment	-	2,500
Enhanced audit procedures for Pensions	1,750	-
Additional work on Value for Money	2,000	7,000
Revised ISAs - additional audit requirements	2,000	4,000
<i>Prior period adjustment (2020/21 only)</i>	-	3,000
<b>Final 2020/21 fee</b>	<b>20,938</b>	<b>46,529</b>
<b><i>Increases identified in 2021/22</i></b>		
Materiality reduction	1,500	3,500
Valuation specialist	-	3,500
FRC response – Hot Review / Engagement Quality Control Reviewer	500	1,000
Triennial pension valuation 2022 - additional work required	6,000	-
<b>Total 2021/22 audit fees (excluding VAT)</b>	<b>28,938</b>	<b>51,529</b>

