

JOINT INDEPENDENT AUDIT COMMITTEE

WEDNESDAY 25 JUNE 2025, 13:00 – 15:00

TRAINING ROOM, VICTORY HOUSE

AGENDA

OPEN SESSION

- 1. INTRODUCTION**
- 2. DECLARATION OF INTEREST**
- 3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 24 FEBRUARY 2025**
(Attached)
- 4. MATTERS ARISING**
(Attached)
- 5. APPOINTMENT OF CHAIR & VICE CHAIR**
Chair
(Verbal update)
- 6. ANNUAL TERMS OF REFERENCE REVIEW**
OPCC Chief of Staff
(Paper attached)
- 7. AUDITORS ANNUAL REPORT – POLICE AND CRIME COMMISSIONER & CHIEF CONSTABLE 2023/24**
External Auditors
(Paper attached)
- 8. AUDIT PLANNING REPORT 2024/25**
External Auditors
(Paper attached)
- 9. DRAFT JOINT INDEPENDENT AUDIT COMMITTEE ANNUAL REPORT**
Chair
(Paper attached)
- 10. JOINT STRATEGIC RISK REGISTER**
Head of Corporate Development
(Paper attached)
- 11. TREASURY MANAGEMENT REPORT – ANNUAL REPORT 2024/25**
Joint Chief Finance Officer
(Paper attached)
- 12. ANNUAL GOVERNANCE REVIEW - ASSURANCE FRAMEWORK 2024/25**



**NORTHUMBRIA
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Joint Chief Finance Officer
(Verbal update)

- a) **Senior Managers Assurance Statements**
Internal Audit
(Paper attached)
- b) **Review of the Effectiveness of the Internal Audit Report**
Internal Audit
(Paper attached)
- c) **Internal Audit Annual Report**
Internal Audit
(Paper attached)
- d) **Annual Governance – Primary and Thematic Assurance Review**
Joint Chief Finance Officer
(Paper attached)

Appendices:

- i. **Governance Arrangements**
Head of Corporate Development
(Paper attached)
- ii. **An Assessment of the Role of CFO in Accordance with Best Practice**
Joint Chief Finance Officer
(Paper attached)
- iii. **External Audit Assurance**
Joint Chief Finance Officer
(Paper attached)
- iv. **HMICFRS and Other External Inspections**
Head of Corporate Development
(Paper attached)
- v. **Legal and Regulatory Assurance**
OPCC Chief of Staff
(Paper attached)
- vi. **Risk Management Arrangements**
Head of Corporate Development
(Paper attached)
- vii. **Performance Management and Data Quality**
Head of Corporate Development
(Paper attached)
- viii. **CIPFA Financial Management Code Self-Assessment**



Joint Chief Finance Officer
(Paper attached)

- ix. **JIAC Regulatory Framework Assurance**
Joint Chief Finance Officer
(Paper attached)

13. DATE TIME AND VENUE OF NEXT MEETING

Monday, 22 September 2025, 2pm, Microsoft Teams Meeting



NORTHUMBRIA POLICE MINUTES

Title	Meeting number
Joint Independent Audit Committee (JIAC)	01/25

Date	Location	Duration
24 February 2025	Victory House (Training Room); Balliol Business Park / TEAMS	14:00 – 15:30

Present:

Committee Members:	C Young M Calum E Cocker A Wigmore C Winfield P Wood	<i>Chair</i>
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Officers:

R Durham	Office of Police and Crime Commissioner (OPCC) Chief of Staff and Monitoring Officer
K Laing	Head of Finance (CFO)
J Meir	Deputy Chief Constable (DCC)

Invitees:

R Bowmaker	Internal Audit, Gateshead Council
C Mellons	External Audit, Ernst and Young (EY) (<i>Present for items 1 - 4, 9 and 10</i>)
T Reade	Corporate Governance Manager
G Thompson	Deputy Head of Finance
M Graham	Governance and Planning Adviser (<i>Secretary</i>)

Apologies:

P Godden	Head of Corporate Development
J Lawson	Assistant Chief Officer, Corporate Services

OPEN SESSION**1. INTRODUCTION**

Chair opened the meeting and introduced new Committee members, M Calum and A Wigmore.

2. DECLARATION OF INTEREST

No declarations of interest made.

3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 18 NOVEMBER 2024

Agreed as a true and accurate record.

4. MATTERS ARISING

Action List updated.

5. PCC POLICE AND CRIME PLAN 2025-2029

OPCC Chief of Staff and Monitoring Officer presented the new Police and Crime Plan for 2025 - 2029. The Police and Crime Commissioner (PCC) consulted with local communities to produce the plan and an easy read version has also been developed. The plan aims to focus on areas where communities have expressed a desire to see significant changes.

P Wood commended the plan and approved of the focus on anti-social behaviour. M Calum approved of the inclusion of online crime however, noted the absence of reference to 'physical' crime such as violence against women and girls and not just to crimes such as fraud. Queried if, the consultation identified any unexpected areas. Serious and Organised Crime was expressed as a very high priority concern which was considered surprising as it has not been rated so highly in previous years.

C Winfield queried the 'day in the life' section of the plan and if there are large peaks and troughs in the numbers of crimes recorded, calls received etc. Deputy Chief Constable (DCC) advised there are a number of factors which influence aspects of crime reporting such as time of year, with increased social activity in the summer or high profile events which draw large crowds. Ensuring staffing resources are correctly allocated during peak times and spread more evenly during quieter periods is one of the key challenges faced by the force.

DCC noted the online aspects of physical crime had been considered for inclusion in the Police and Crime Plan and that the force recognises that there is often an online element to the majority of all crime, including violence against women and girls. OPCC Chief of Staff and Monitoring Officer advised there is space for the online aspects of physical crime to be included in the plan and will raise with the PCC.

Update noted.

6. JOINT STRATEGIC RISK REGISTER

Corporate Governance Manager updated on the continuing assessment of controls in place for Digital Policing and noted that recruiting has been improved to ensure key skills are present within the force. 96% of vacancies within digital policing have been filled. In the previous risk register report the police settlement from the Home Office was pending, this has now been announced and updates have been made to reflect this, however they are not reflected in the information presented as the updates are still progressing through the internal governance process. Head of Finance (CFO) advised the force's plan to increase neighbourhood resources in line with the Prime Minister's has been submitted to the Home Office and feedback is awaited.

P Wood noted the Riot Compensation Scheme is currently in dispute as to whether forces or central government should meet the cost and queried if the outcome would take the force below its minimum financial reserve if required to pay. Head of Finance (CFO) advised the cost may not take the reserves below the minimum levels but would need to be met by the force's general reserves, if it is decided the government will not meet the cost. It was also noted that the current estimate of the force areas cost is an estimate due to fire damage related costs still progressing through private insurance companies before

a final figure is provided. DCC advised the riot compensation scheme proposes riots in local areas are the responsibility of local forces and commissioners, However there is an opposing view that riots are often incited by national or international events rather than local concerns.

P Wood noted an increase in female volunteers leaving the force, DCC advised the number is not considered concerningly high however it is being monitored as part of the force's aim to increase the amount of female volunteers. General recruitment is a challenging area as government issued targets can be higher than expected and a high volume of recruitment is required to match staff turnover as people retire or leave for other reasons. Northumbria police have the lowest attrition rate among student officers of any police force in the country.

M Calum queried if a more forward looking view of plans to minimise or remove risk exists separate to the joint strategic risk register. DCC advised the annual Force Management Statement which is sent to His Majesty's Inspectorate of Constabulary and Fire & Rescue Services outlines how the force plans to respond to areas of high risk over the upcoming 12 months. The force's transformation programme provides a longer term view, with the 2025 programme set to end this year and be replaced with a 2030 programme, supported by the force strategy. Corporate Governance Manager noted not all risks can be removed or have their risk rating lowered as some will always exist or always be high.

Update noted.

7. TREASURY POLICY STATEMENT AND TREASURY STRATEGY 2025/26 TO 2028/29

Deputy Head of Finance updated the prudential indicators set out in the report are currently in draft and will be finalised alongside the medium term financial strategy and capitol strategy in March 2025 and published with the treasury management strategy. Additionally, Link Group, the PCC's external treasury management advisers have been acquired by Mitsubishi UFJ Trust & Banking and going forward will be referred to as Mitsubishi UFJ Financial Group (MUFG) Pension & Market Services. There will be no changes to the way they operate with the force for the remainder of their contract. Head of Finance (CFO) noted Link Group have and will continue to provide training to new staff in the force Finance Department.

P Wood noted a net debt of £49.124 million, net debt is defined as the force's overall loans minus what is held in investments. Capital finance requirements for borrowing are forecast at approximately £113 million, the force currently has £72 million in borrowing, this is to keep the cost of borrowing low in light of the current high cost of taking on loans.

Update noted.

8. ANNUAL GOVERNANCE REVIEW – ASSURANCE FRAMEWORK 2024/25

Deputy Head of Finance updated and advised the results of the ongoing governance review will return to the Committee in June to request approval from the Chief Constable and PCC.

C Winfield requested training on the timeline of when/which items are to be presented to JIAC over the course of a year. Details are included in the treasury management training provided to Committee members, Chair requested a training session for all JIAC

members be arranged before the next meeting in June. DCC suggested a briefing on the force to provide additional context be included in that training session.

ACTION: OPCC Chief of Staff and Monitoring Officer to liaise with Chair to arrange a training session for all JIAC members.

M Calum queried if data from professional standards cases and staff wellbeing are included in internal assurance processes. Corporate Governance Manager advised assurance on the wellbeing of the workforce will be included in the Annual Governance Review when it is submitted to JIAC in June.

Update noted

9. FINAL ANNUAL GOVERNANCE STATEMENTS 2023/24

Deputy Head of Finance advised the Annual Governance Statements (AGS) were previously agreed at JIAC in May 2024. The final versions have now been updated to reflect internal audit work completed throughout the year and an outstanding action relating to the CIPFA FN review as this was carried out in December 2024. The final report from CIPFA will be reviewed in the coming weeks and presented to the Chief Constable and the PCC via internal governance and reporting procedures. Any items of relevance to JIAC which arise will be reported back. No governance issues have been identified which require inclusion in the AGS.

P Wood queried the absence of complaints data or a summary of that data in the AGS. Head of Finance (CFO) advised as the data on complaints is available via the Police and Crime Panels, the force does not believe inclusion on the AGS is necessary. OPCC Chief of Staff and Monitoring Officer expressed additional concern in how inclusion of this data would appear when compared nationally as other forces do not publish complaints data in AGS as it is not a requirement. Concerns inclusion could de-value the rest of the information in the statements. Deputy Chief Constable suggested that the inclusion of complaints data without full context would be of minimal value, but to provide full context would detract from the focus of the statements and raise queries as to why other data is not included. The force is satisfied that the statements cover all required grounds, the format of the statements is continuously monitored and compared to available guidance.

Chair confirmed Committee approval the annual governance statements.

AGREED: Both Annual Governance Statements were approved by JIAC to be taken to the Chief Constable and the Police and Crime Commissioner.

Update noted.

10. FINALISED EXTERNAL AUDIT 2024 STATEMENT OF ACCOUNTS

a) Joint Audit Results Report 2023/24

Head of Finance (CFO) advised the final version of this report will be presented to the Chief Constable and the PCC for final approval on 27 February 2025, alongside the Annual Governance Statements, subject to JIAC approval of the AGS's. It was noted as per the JIAC Terms of Reference. It is the Committee's role to consider and approve the reports and note any issues which should be reported to the Chief Constable and PCC. Once approved by JIAC the reports will be submitted to the Chief Constable and PCC.

External Auditor advised the Senior Manager, Engagement Partner and Engagement Quality Reviewer review has been completed. An overview of the accounts was presented, noting that none of the factual misstatements presented on page 8 present a cash or funding impact. The expenditure on computer equipment recorded in financial statements for which management were unable to provide evidence of is due to record keeping and not an indication that £0.723 million worth of assets have been misplaced.

P Wood expressed concern at the number of factual misstatements and the total value they account for. External Auditor advised all work for the report is complete and has been reviewed, some of the identified misstatements can be attributed to the change in external auditing company practices for example differences in how data is collected and the sample sizes used. Consideration is ongoing as to how the force and external auditors can collaborate more effectively in the coming year.

Deputy Head of Finance noted some of the values accounted for have been present in previous years, £5 million relates to the pension fund. An actuary is used and the information available to the actuary are estimates, disclosures are revised once the final figures are known. The need for estimates in producing these reports is due to the time frames and deadlines by which the force is required to provide relevant reports.

Another large figure in the pension fund is reliant on an audit of the Tyne and Wear pension fund which has recently concluded and included an asset variation which is considered an error. What this could mean for the force and PCC has been reflected in the report provided to JIAC by the auditor. This will be taken into account during subsequent work on the valuation of pension accounts. Regarding the asset register, it was noted that rolling refresh programmes of electronic equipment are carried out by the force, and that small accessories to major devices such as mice and keyboards which are purchased during these refreshes to accompany major equipment such as laptops are not asset numbered in the same way due to their low cost. Across multiple years the total value of these minor items builds up and accounts for much of the £0.723 million of unaccounted for assets noted in the papers.

Head of Finance (CFO) noted due to delays in vetting, the external auditor's data collection was carried out either on-site or manually as opposed to digitally, which elongated the process. The force intends to continue to grow its understanding of Ernst & Young's process and how best to provide information to make the process more streamlined going forward. Lessons learned from the first year with Ernst & Young have been reflected on. Deputy Head of Finance advised feedback on lessons learned will be provided to JIAC in June as part of the Annual Governance Review.

C Winfield queried the reclassification of a creditor as a debtor noted in the paper. This was caused by an invoice which was subject to dispute. When the dispute was resolved, the invoice was to be cancelled but when this was carried out it was incorrectly assigned the wrong account code. There was no financial impact on the balance sheet and it was caused by human error. There is an increased timescale to compile this information this year, with the time extended by an additional month, this should allow additional time to ensure that similar errors are not repeated.

Head of Finance (CFO) noted some items in the report are things that were not identified by the previous external auditor.

C Winfield requested assurance from corporate governance that there are no specific issues which should be brought to the Committee's attention. Corporate Governance

Manager confirmed there is nothing which has been deemed significant and for the attention of the Committee.

Update noted

b) Auditors Annual Report 2023/24

Discussed as part of item 10.a. Joint Audit Results Report 2023/24.

11. INTERNAL AUDIT CHARTER, STRATEGY STATEMENT 2025/26 – 2027/28 AND ANNUAL AUDIT PLAN 2025/26

Internal Auditor updated and noted some audit titles have been revised to better reflect current terminology. A new audit on equipment servicing and compliance has been included following discussions with management teams, this will cover non-covert operational assets which require calibration and/or regular maintenance servicing to ensure any required maintenance or calibration is taking place. The annual audit plan is flexible, and changes can be made if required for any additional risks which are identified throughout the year. The Committee is asked to approve the internal audit charter, agree the internal audit strategy, review the annual audit plan and agree to receive quarterly updates.

M Calum noted assurance on non-covert assets is to be provided by the Assistant Chief Constable (Crime and Safeguarding), queried if there is sufficient oversight from other areas, and if covert assets will also receive appropriate monitoring. DCC recommended assurance be provided at the following JIAC meeting that covert assets are sufficiently monitored.

ACTION: Deputy Chief Constable to investigate the monitoring and maintenance of covert assets and provide assurance this is being carried out sufficiently to the Joint Independent Audit Committee in June.

Head of Finance (CFO) noted that the emergent audit plan is required to receive sign-off from the Head of the Information Management Department, this sign-off has taken place.

Chair confirmed the Committee approves internal audit charter, agrees the internal audit strategy and agrees to receive quarterly updates.

AGREED: Joint Independent Audit Committee approved the Internal Audit Charter.

AGREED: Joint Independent Audit Committee agreed the Internal Audit Strategy Statement 2025/26 – 2027/28.

AGREED: Joint Independent Audit Committee agreed to receive quarterly updates on progress made against the Annual Audit Plan.

Update noted.

12. DATE TIME AND VENUE OF NEXT MEETING

Wednesday, 25 June 2025, 1pm, Office of the Police and Crime Commissioner for Northumbria; Victory House (Training room); Balliol Business Park; Benton Lane; Newcastle; NE12 8EW

13. EXCLUSION OF THE PRESS AND PUBLIC – EXEMPT BUSINESS

AGENDA ITEM 03.

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

Agenda item number	Paragraph of Schedule 12A to the Local Government Act 1972
14	7
15	7
16	7
17	7
18	7
19	7

AGENDA ITEM 04.

Reference	Meeting	Agenda Item/Title/Context	Open/Closed Session	Action	Detail	Assigned to	Update
JLAC001	JLAC 01/25	8. Annual Governance Review - Assurance Framework 2024/25 C Winfield requested training on the timeline of when/which items are to be presented to JLAC over the course of a year. Details are included in the treasury management training provided to Committee members, Chair requested a training session for all JLAC members be arranged before the next meeting in June. DCC suggested a briefing on the force to provide additional context be included in that training session.	OPEN	ACTION	To liaise with Chair to arrange a training session for all JLAC members.	OPCC Chief of Staff and Monitoring Officer	Training arranged for 25/06/25
JLAC003	JLAC 01/25	11. Internal Audit Charter, Strategy Statement 2025/26 - 2027/28 and Annual Audit Plan 2025/26 M Calum noted assurance on non-covert assets is to be provided by the Assistant Chief Constable (Crime and Safeguarding), queried if there is sufficient oversight from other areas, and if covert assets will also receive appropriate monitoring. DCC recommended assurance be provided at the following JLAC meeting that covert assets are sufficiently monitored.	OPEN	ACTION	To investigate the monitoring and maintenance of covert assets and provide assurance that this is being carried out sufficiently to the Joint Independent Audit Committee in June.	Deputy Chief Constable	

Short report for decision

Joint Independent Audit Committee	25th June 2025
Annual Review of the Terms of Reference – Joint Independent Audit Committee	
Report of: Ruth Durham Chief of Staff OPCC/DCC Jayne Meir	
Author: Ruth Durham Chief of Staff OPCC	

1. PURPOSE

- 1.1 This report provides the members with the annual review of the Joint Independent Audit Committee (JIAC) Terms of Reference (ToR).

2. BACKGROUND

- 2.1 JIAC is established by the Police and Crime Commissioner and Chief Constable to consider the financial governance, assurance, risk management and statutory financial duties for both the Office of the Police and Crime Commissioner and Office of the Chief Constable. The terms of reference are reviewed on an annual basis and this report provides proposals for changes that will be shared with the committee at their first meeting in the 2025/26 financial year.

3. ANNUAL REVIEW PROPOSALS 2025/26

- 3.1 In the last review of the ToR in November 2023, due to difficulty in recruiting members with necessary experience, the ToR were amended to allow appointment for an initial four-year term with the option of a second and third year term, each term being four years.
- 3.2 Following a targeted recruitment campaign and the appointment of new members, it is proposed that the ToR are amended to revert to an initial four-year term with the option of a second appointment for a further four years, eight in total.
- 3.3 The ToR currently allow for five members, it is proposed to ensure resilience and knowledge by increasing the JIAC membership level to six members.
- 3.4 The ToR currently state that 'the committee will appoint a Chair and Vice Chair from amongst its members' but does not state a term of office. It is recommended that we add that the Chair and Vice Chair are appointed annually amongst its members at the first meeting of the financial year.
- 3.5 It is felt that these proposals will allow for the skills and knowledge of members to be retained and provide continuity and stability to the committee assurance processes. An amended version of the ToR is attached at App A.

4. FOR CONSIDERATION

- 4.1 Members are asked to consider these revised terms of reference and confirm adoption for 25/26.



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JOINT INDEPENDENT AUDIT COMMITTEE FOR THE NORTHUMBRIA POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE

TERMS OF REFERENCE – May 2025

Introduction

1. The Joint Independent Audit Committee (the Committee) is established as a committee of independent members whose purpose is to advise the Police and Crime Commissioner (PCC) and Chief Constable (CC) on the principles of financial reporting, internal controls, corporate governance, risk management and issues identified by the respective auditors.
2. The Committee will have no executive powers other than those set out in its terms of reference.

Membership

3. The Committee will consist of six members recruited by open advert, for an initial term of four years, with the option of a second four-year term. No member will sit for more than two terms.
4. The Committee will appoint a Chair and Vice Chair from amongst its members, annually at the first meeting of the financial year.

Attendance

5. A record of member attendance will be included in the annual report of the committee.
6. The PCC and CC will both provide a representative to attend all meetings.
7. The Joint Chief Finance Officer, Deputy Head of Finance, Head of Corporate Development will normally attend each meeting.
8. The Chief Internal Auditor and the External Auditor will normally attend each meeting.

Secretarial Assistance

9. The Office of the PCC or the CC will provide secretarial assistance to the committee.



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APPENDIX A

Quorum

10. No business shall be transacted at meetings of the committee unless three (3) members are present.

Frequency of Meetings

11. The committee will meet at least four (4) times each year. Additional meetings may take place as required. Meetings are open to the press and public but they may be excluded when information of an exempt or confidential nature is being discussed.

Notice of Meetings

12. Meetings of the Committee will be called in accordance with the agreed annual schedule
13. Notice of meetings and confirmation of the venue, time and date together with the agenda of items to be discussed, shall be forwarded to each member of the committee and any other person required to attend no later than five (5) working days before the date of the meeting. Other than in exceptional circumstances supporting papers shall be sent to the committee members and other attendees, as appropriate, at the same time.

Minutes of Meetings

14. The Minutes shall record the proceedings and resolutions of all meetings of the committee, including the names of all present.
15. The Secretary shall keep a separate record of all points of action arising from the committee and all issues carried forward.
16. The minutes of the meeting shall record the existence of any conflict of interest.
17. The minutes of the meeting will be agreed by the JJAC Chair.

Programme of Work

18. An annual programme of work cross referenced to these Terms of Reference will be agreed by the Committee showing expected documents and reports to be presented.



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APPENDIX A

Authority

19. The Committee is authorised to act within its Terms of Reference and to:
20. Request information for presentation at meetings for matters falling within the TOR,
21. Recommend to the PCC and CC that external advice should be taken when considered following discussion at JIAC.

Reporting

22. The Committee will provide annual assurance of work undertaken in support of the Annual Governance Statement.
23. The Committee will provide annual assurance with regard to Treasury Management
24. The Committee will provide annual assurance with regard to compliance with external statutory reporting requirements.

Review of Effectiveness

25. The Committee will be held to account by the PCC and CC on the extent to which it has fulfilled its purpose. The Committee will conduct an annual review of its effectiveness and identify and commission any training requirements in order to fulfil its role and purpose.

Review and Revision

26. These Terms of Reference will be reviewed annually with any revisions or variations being approved by the PCC and CC.

Purpose of the Committee

27. The purpose of the Committee shall be to provide independent assurance on the adequacy and effectiveness of the risk management framework and the associated control environment. This includes independent scrutiny of the organisations regulatory compliance and financial and non-financial performance to the extent that it creates exposure to risk and weakens the control environment. Specifically oversee the integrity of the financial reporting processes and the annual governance statement.



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APPENDIX A

Duties of the Committee

28. The duties of the JIAC are to:

Audit activity

29. To ensure that there are effective and independent internal and external audit functions established by management that meet the statutory audit standards and provide appropriate independent assurance to the JIAC, the PCC and the CC. This will be achieved by:
 30. Receiving the Chief Internal Auditor's report and opinion together with a summary of internal audit activity, both actual and proposed, and the level of assurance it can give over the PCC and CC's corporate governance arrangements.
 31. Receiving, reviewing and commenting on all internal audit reports.
 32. Receiving an annual report providing assurance on the management and performance of the providers of internal audit services.
 33. A report from the Head of Internal Audit on agreed recommendations not implemented within reasonable time scales.
 34. The external auditor's annual letter, relevant reports and the report to those charged with governance.
 35. Any specific reports as agreed with the external auditor.
 36. The scope and depth of external audit work to ensure that it gives value for money.
 37. The commissioning of work from internal and external audit, subject to prior agreement with the CFO for any costs associated with such work.
 38. Receiving any proposals affecting the provision of internal and external audit.
 39. Considering any significant risk and internal control implications in any work carried out by other providers of assurance e.g. HMIC, HMRC, peer review, internal service reviews etc. as reported by officers and staff from within the force as well as internal and external audit.



40. Review, as a JIAC, the performance (and provide feedback) of both internal and external audit functions.

Regulatory Framework

41. Ensure that there is an effective regulatory framework and evidence of compliance with mandatory and best practice standards and to provide appropriate independent assurance to the PCC and CC. This will be achieved by fulfilling its role to:
 42. Maintain an overview of the Scheme of Consent in respect of contract procedures and rules, financial regulations and codes of conduct and behaviour.
 43. Review any issues referred to it by the PCC or CC.
 44. Monitor and where appropriate make recommendations on the effective development and operation of the strategic risk management and corporate governance arrangements for the PCC and CC.
 45. Monitor any codes of governance or policies relating to declarations of interest, gifts and hospitality and expenses.
 46. Agree the assurance framework for and oversee the production of the PCC and CC's Annual Governance Statements and review and comment on these statements prior to their approval by the PCC and CC.
 47. Monitor the whistle blowing arrangements and counter fraud and corruption strategy of the PCC and CC ensuring that adequate levels of assurance covering these matters are received.
 48. Oversee the PCC and CC's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
 49. Provide effective scrutiny and review of the Treasury Management Strategy and Policies, along with monitoring performance by receiving the mid-year review and annual report, in-line with the delegation from the Police and Crime Commissioner to the Joint Independent Audit Committee.
 50. Monitor the PCC and CC's compliance with its own and other published standards and controls.



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APPENDIX A

51. Receive and when appropriate provide challenge to draft financial statements of accounts making any recommendation or bringing to the attention of the PCC and CC any significant concerns or weaknesses.
52. Consider the findings and overall opinion on the accounts and the VFM conclusion as set out in the audit completion report from the external auditor and to seek satisfactory assurance that any action required in response to any resultant control weaknesses are implemented by management on a timely basis.
53. Any other matter falling out with these TOR will initially be discussed with the CFO to determine how best to progress.

Revised March 2025.



The Police and Crime Commissioner for Northumbria and Chief Constable of Northumbria Auditor's Annual Report

Year ended 31 March 2024

9 May 2025



Joint Independent Audit Committee
Police and Crime Commissioner for Northumbria,
Chief Constable of Northumbria
Balliol Business Park
Benton Lane, Newcastle Upon Tyne,
NE12 8EW

9 May 2025

Dear Joint Independent Audit Committee Members

2023/24 Auditor's Annual Report

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for The Police and Crime Commissioner for Northumbria and Chief Constable of Northumbria. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

This report is intended to draw to the attention of the Police and Crime Commissioner and Chief Constable any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Joint Independent Audit Committee meeting on 25 June 2025.

Yours faithfully

Claire Mellons

Partner

For and on behalf of Ernst & Young LLP

Encl

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Executive Summary



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Audit of the financial statements



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Value for Money Commentary



04

Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website ([Statement of responsibilities of auditors and audited bodies \(from 2023/24 audits\) - PSAA](#)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Joint Independent Audit Committee and management of The Police and Crime Commissioner for Northumbria and Chief Constable of Northumbria in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Joint Independent Audit Committee and management of The Police and Crime Commissioner for Northumbria and Chief Constable of Northumbria those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Joint Independent Audit Committee and management of The Police and Crime Commissioner for Northumbria and Chief Constable of Northumbria for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary



Executive Summary

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. In doing so, we comply with the requirements of the 2024 Code of Audit Practice (the Code) published in November 2024 and the supporting guidance of the National Audit Office (NAO) published within their Auditor Guidance Note 3 (AGN 03). This commentary aims to draw to the attention of the Police and Crime Commissioner, Chief Constable and the wider public relevant issues from our work, including recommendations arising in the current year and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

The 2024 Code paragraph 4.10 has suspended the requirement to issue an auditor's annual report by 30 November. It states that auditors may exercise judgement to determine when to issue their annual report including their commentary on arrangements to secure value for money.

Responsibilities of the appointed auditor

We have undertaken our 2023/24 audit work in accordance with the Audit Plan that we issued on 6 September 2024. We have complied with the NAO's 2024 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- the 2023/24 financial statements;
- conclusions relation to going concern; and
- the consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the Police and Crime Commissioner and Chief Constable;
- any significant matters or written recommendations that are in the public interest; and
- if we identify a significant weakness in the Police and Crime Commissioner or Chief Constable's arrangements in place to secure economy, efficiency and effectiveness in their use of resources.

Responsibilities of the Police and Crime Commissioner and Chief Constable

The Police and Crime Commissioner and Chief Constable are responsible for preparing and publishing their financial statements, narrative statement and annual governance statement. They are also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

Executive Summary (continued)

2023/24 Conclusions

Financial statements	We completed our audit procedures and issued an unqualified opinion – the financial statements give a true and fair view of the financial position of the Police and Crime Commissioner of Northumbria and Chief Constable for Northumbria at 31 March 2024 and of their expenditure and income for the year then ended. We issued our auditor's report for both entities on 28 February 2025.
Going concern	We have concluded that the Chief Financial Officer's and Treasurer's use of the going concern basis of accounting in the preparation of the financial statements for the Police and Crime Commissioner and the Chief Constable is appropriate.
Consistency of the other information published with the financial statements	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the Police and Crime Commissioner and Chief Constable's VFM arrangements. We have included our VFM commentary in Section 03.
Consistency of the annual governance statement	We were satisfied that the annual governance statements were consistent with our understanding of the Police and Crime Commissioner and Chief Constable.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of Government Accounts	We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We had no issues to report.
Certificate	We are unable to issue our certificate on for completion of the audit until the NAO confirm that they do not require us to perform any additional procedures, as component auditors, to support their audit of the Whole of Government Accounts.

Executive Summary (continued)

Value for Money

Scope

Auditors are required to be satisfied that The Police and Crime Commissioner for Northumbria and Chief Constable for Northumbria have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report.

In undertaking our procedures to understand the bodies' arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Police and Crime Commissioner and Chief Constable committee reports;
- meetings with the Chief Finance Officer and Deputy Head of Finance;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Police and Crime Commissioner and Chief Constable management and the finance team.

Executive Summary (continued)


Value for Money (continued)

Reporting

Our commentary for 2023/24 is set in section 03. The commentary on these pages summarises our understanding of the arrangements at the Police and Crime Commissioner and Chief Constable based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2023/24.

In accordance with the NAO's 2024 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures and whether we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Police and Crime Commissioner and Chief Constable plans and manage their resources to ensure they can continue to deliver their services	No significant risks identified	No significant weakness identified
Governance: How the Police and Crime Commissioner and Chief Constable ensure that they make informed decisions and properly manage their risks	No significant risks identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Police and Crime Commissioner and Chief Constable use information about their costs and performance to improve the way they manage and deliver their services	No significant risks identified	No significant weakness identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Police and Crime Commissioner and Chief Constable, and their members and senior management and their affiliates, including all services provided by us and our network to the Police and Crime Commissioner and Chief Constable, their members and senior management and their affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2024

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2024:

[EY UK 2024 Transparency Report | EY - UK](#)



02 Audit of the financial statements

Audit of the financial statements

Key findings

The Statement of Accounts is an important tool for the Police and Crime Commissioner and Chief Constable to show how they have used public money and how they can demonstrate their financial management and financial health.

We completed our audit procedures and issued an unqualified opinion – the financial statements give a true and fair view of the financial position of the Police and Crime Commissioner of Northumbria and Chief Constable for Northumbria as at 31 March 2024 and of their expenditure and income for the year then ended. We issued our auditor's report for both entities on the 28 February 2025.

We reported our audit scope, risks identified and detailed findings to the 24 February 2025 Joint Independent Audit Committee meeting in our Audit Results Report. We outline below the key issues identified as part of our audit in relation to the significant risk areas. We reported one area for improvement in the control environment in the Audit Results Report.

Significant risk	Conclusion
Misstatements due to fraud or error – Management override of controls	We have not identified any material weaknesses in the recognition of expenditure. We have not identified any instances of inappropriate judgements or estimates being applied. Our work did not identify any other transactions during our audit which appeared unusual or outside of the Police and Crime Commissioner and Chief Constable's normal course of business.
Risk of fraud in revenue expenditure recognition - Inappropriate capitalisation of revenue expenditure	<p>Our work did not identify any material weaknesses in controls or evidence of material management override concerning the capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied.</p> <p>We did, however, identify elements of expenditure capitalised in previous years which management were unable to reconcile to an asset listing, as part of our verification of existence of equipment and reported an unadjusted error of £0.7m.</p> <p>A further error of £0.9m was also identified when testing the existence of property plant and equipment, in relation to vehicles that were disposed of in 2022/23 and earlier years, but had not been fully disposed of in the fixed asset register. Management corrected this error in the final version of the Police and Crime Commissioner accounts.</p>
Valuation of Land and Buildings	<p>We identified errors in the valuation of land and building which management corrected in the final set of Police and Crime Commissioner accounts. These related to :</p> <ul style="list-style-type: none">▶ An error of £2.17m in relation to contingency fees erroneously included in the valuation of land and buildings.▶ An impairment in the region of £1.7m was recognised in relation the Sexual Assault Referral Centre that was incorrectly transferred out of Assets Under Construction to Land and Buildings at cost, rather than valuation



03 Value for Money Commentary

Value for Mon Commentary

Financial Sustainability: How the Police and Crime Commissioner and Chief Constable plan and manage their resources to ensure they can continue to deliver their services

No significant weakness identified

The Police and Crime Commissioner (PCC) and the Chief Constable share the responsibility of ensuring effective financial and budget planning. This is accomplished through the preparation of a medium-term financial strategy (MTFS), a medium-term revenue forecast, and a capital programme spanning four years.

Annually, the PCC is tasked with identifying and agreeing upon a MTFS, in consultation with the Chief Constable and other relevant partners and stakeholders. This strategy includes funding and expenditure plans for both revenue and capital. The MTFS for the period from 2024 to 2027 was designed to account for the interdependencies between revenue budgets and capital investments, reserves, and risk considerations. It was to support affordability in accordance with CIPFA's Prudential Code for Capital Finance in Local Authorities and align with the Police and Crime Plan.

The year 2023/24 Treasury Management Policy statement and Strategy 2023/24 to 2026-27 was approved by the Police Commissioner on 22 February 2023. The Treasury Strategy covers the a) Treasury limits in force which will limit the treasury risk and activities of the Commissioner, including prudential and treasury indicators. b) Prospects for interest rates. c) The borrowing strategy. d) Debt rescheduling. e) Policy on borrowing in advance of need. f) Management of interest rate exposure. g) The investment strategy. h) Creditworthiness policy. i) The policy on the use of external service providers.

The PCC's main focus for treasury management in 2023/24 was to ensure the security of investments whilst generating a positive rate of return in an environment of continually rising rates. Due to the difference between the cost of borrowing and investment interest, cash balances have continued to be used to temporarily fund the capital programme. This has resulted in continued savings on the cost of borrowing and lower credit risk as the investment portfolio is reduced.

The Group had total principal borrowing at 31 March 2024 of £76.969 million, which was within the operational borrowing limit of £155.000 million and the maximum borrowing limit of £170.00 million. This is a net reduction of £5.000 million from the balance at 31 March 2023 of £81.969 million, representing repayment of PWLB borrowing. Total borrowing at 31 March 2024 was lower than the Capital Financing Requirement (CFR) of £110.993m by £34.024m. This represents the extent to which the Commissioner is utilising reserves and cash balances for internal borrowing at the end of the financial year

As set out in the Governance Framework approved for the PCC and CC, the PCC manages all income, including government grants and Council Tax Precept, through the Police Fund, setting the budget with the CC. The PCC and the CC's revenue budget for 2023/24 was £355.584 million, including reserves. The rising costs of inflation and increasing demand have compounded historical funding cuts from the central government. Northumbria had the lowest precept in England and Wales, and was significantly impacted by government cuts between 2010-2019, reducing police officers by over 1,100. To support funding for the provision of services, the Council Tax Precept increase of £15.00 for Band D properties was approved for 2023/24 and generated £6.120 million additional income. From 2019-2023, 693 additional officers were recruited through the police uplift grant, but government funding for this Uplift has not been baselined, risking officer sustainability. The group underspent against budget by £5.077 million in 2023/24 due to extra income being received and reduced expenditure being incurred.

Value for Mon Commentary

Financial Sustainability: How the Police and Crime Commissioner and Chief Constable plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

In March 2023, the PCC approved a £33.376 million capital programme, which was later revised to £26.446 million at Quarter 1 of 2023/24, reflecting project re-phasing from 2023/24 and into 2024/25. In 2023/24, the PCC and CC invested £15.138 million in estate refurbishment, vehicles, operational equipment, and digital policing systems which are key to delivering the policing services. The Force's budget and MTFS aim for a General Reserve Fund of around £11.000 million. The overall reserve level is forecast to decrease in the future financial years with the use of earmarked reserves – particularly the Inflationary risks reserve of 5.6m and Medium Term and Support Uplift of £8.2m.

Th MTFS for 2024-25 to 2027-28 reflects the fact that the financial climate is more challenging compared to the current state; with limited support from the government, the police force is planning to use their reserves alongside the increase in council tax income from worst-case to balance the financial position over the medium term. The 2024/25 funding gap is £1.5m; with 25/26 remaining the same and the gap increasing to £4.1m and £6.7m over 26/27 and 27/28. However, the total revenue reserves as per the MTFS, is projected at £20m each year which, in a worst-case scenario, would be sufficient to cover the gap in the fundings.

Conclusion: Based on the work performed, the Police and Crime Commissioner and Chief Constable had proper arrangements in place in 2023/24 to enable them to plan and manage their resources to ensure that they can continue to deliver their services

Value for Money Commentary (continued)

Governance: How the Police and Crime Commissioner and Chief Constable ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Police and Crime Commissioner and Chief Constable have established governance satisfactory, and this is detailed in the Governance Framework of the NPCC Group. The Governance Framework was developed to align to the CIPFA/SOLACE framework on corporate governance, and the framework address the six objectives being 1) Focus on outcomes for local people, 2) clarity of roles and functions, 3) promotion of values and demonstrating these through behaviour, 4) informed transparent decisions and managing risk, 5) developing capacity and capability, and 6) engaging with local people to ensure robust accountability.

The Governance Framework has been in place throughout the 2023/24 financial year, The framework covers the areas of responsibilities for the PCC and CC. Additionally, a Scheme of Corporate Governance is included within the Governance Framework with details that covers the following topics of good governance:

- a) General Principles of Delegation,
- b) Financial Regulations, including Contract Regulations,
- c) Role of the Police and Crime Commissioner (PCC),
- d) Role of the PCC's Chief of Staff & Monitoring Officer,
- e) Role of the PCC's Chief Finance Officer (PCC CFO),
- f) Role of the Chief Constable (CC),
- g) Role of the Head of Finance/Chief Finance Officer (CC CFO) and
- h) Urgency Provisions.

We observed that The Police and Crime Commissioner and Chief Constable maintain risk registers with the CC having 11 risks of which four are considered significant and PCC has four risks of which one is considered significant. Each risk is assigned to designated risk owners and associated with specific mitigating controls and actions. These risks are monitored through status updates, which are included in the quarterly performance reports presented to the Governance and Oversight structures. This includes Executive Meetings, the Annual Scrutiny Programme of the CC/PCC Governance, as well as meetings of the Joint Independent Audit Committee (JIAC) and Police and Crime Panels.

Additionally, The Police and Crime Commissioner and Chief Constable have an Internal Audit Service, provided under an agreement with Gateshead Council, which is required to objectively examine, evaluate and report upon the adequacy of the control environment to the Joint Independent Audit Committee. Internal Audit have planned and completed 26 audits for the year ended 31 March 2024, of these 26 audits 23 were completed. One report did not have significant weakness noted in controls, four reports were rated as satisfactory and 18 reports noted the controls to be operating well.

Value for Money Commentary (continued)

Governance: How the Police and Crime Commissioner and Chief Constable ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The overall conclusion from the Head of Internal Audit reported during 2023/24, which included advice on governance arrangements, indicated that the internal control systems and risk management and governance arrangements of the Police and Crime Commissioner and Chief Constable were operating effectively.

As part of the 2023/24 audit plan approved by the JIAC, the audit of governance was completed. The audit revealed that systems and controls are functioning properly, with no findings raised.

The Police and Crime Commissioner and Chief Constable has whistleblowing procedure in place which allow officers and staff to report concerns in relation to colleagues, service providers or third parties with confidentiality to the management or the Independent Office for Police Conduct.

The budgets of the Police and Crime Commissioner and Chief Constable are reviewed by the Police and Crime Panel and recommended for approval by the Commissioner within the statutory timeframes which is before end of February each year.

Conclusion: Based on the work performed, the Police and Crime Commissioner and Chief Constable had proper arrangements in place in 2023/24 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Police and Crime Commissioner and Chief Constable uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Police and Crime Commissioner and Chief Constable have a procurement team that run the procurement process and activities such as developing procurement policies and related procedures, tendering for goods and services, awarding contract and contract management. The procurement function is led by the Head of procurement, supported by a procurement manager, a procurement business partners and procurement officers.

The Procurement Procedures set out that all payments made are required to be in accordance with Financial Regulations and examined to consider value for money. Compliance with Procurement Procedures monitored through the executive management and quarterly update to Joint Independent Audit Committee.

The latest PEEL (Police effectiveness, efficiency and legitimacy) assessment for the PCC and CC was published in 2021/22. The report noted seven areas that were assessed were rated as "Good", one rated "Adequate" and one rated as "Requires improvement" which related to "Responding to the Public". This was mainly linked to the number of emergency calls answered within 10 seconds which accounted for only 73% of the calls received by the Force. Over the years the Force has shown an improving trend on answering calls and the CC has action plans to train the responder to respond much more quickly.

HMCIFRS published a report on the effectiveness of vetting arrangements in Northumbria Police and Crime Commissioner and Chief Constable for Northumbria on 21 September 2023. The report identified necessary improvements in vetting processes. It highlighted that the PCC and CC must ensure that all personnel are vetted at an appropriate level for their positions; non-police personnel must be vetted to the required level for their contracted roles; the force vetting unit must have adequate resources to meet demand; and it must implement a robust procedure to promptly research and assess all notifications of changes in circumstances. The report contained 29 recommendations, of which Northumbria Police has completed 27, as reported to the Joint Independent Audit Committee on 20 May 2024.

Financial performance against the budget and efficiency plan delivery is monitored throughout the year, with revenue and capital spending reported to the Executive Team each month. Budget Reports and Business Packs are provided to Area Commanders and Heads of Departments monthly, enabling detailed examination of individual data points. This process allows the finance team to identify changes in each area and report areas of concern, such as overspending or underspending, in a timely manner.

We noted that on a quarterly basis, capital and revenue monitoring reports are presented at the Joint Business Meeting for review by the Chief Constable and the Police and Crime Commissioner. Performance is also monitored through quarterly reports to the OPCC Finance Meetings, which are attended by the Chief Finance Officer.

Conclusion: Based on the work performed, the Police and Crime Commissioner and Chief Constable had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.



04 Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<ul style="list-style-type: none">• The budget plan for the following year and the Medium Term Financial Strategy ('MTFS') for the next 4 years are prepared and reported to the Police and Crime Commissioner and Chief Constable every year. The future budget pressures and funding projections are identified in the MTFS. The significant levels of inflation experienced in the economy over the past two years are expected to continue to impact on force budgets over the medium-term. The extent of government support (if any) for ongoing inflationary pressures cannot be determined.• The Police and Crime Commissioner and Chief Constable prepared a Treasury Management Policy Statement and Strategy, the year 2023/24 Treasury Management Policy statement and Strategy 2023/24 to 2026-27 was approved by the Police Commissioner on 22 February 2023. At the meeting JIAC recommended the Treasury Management Policy Statement and Strategy to be presented to the Police and Crime Commissioner for adoption.
How the body plans to bridge its funding gaps and identifies achievable savings	<ul style="list-style-type: none">• The Police and Crime Commissioner and Chief Constable has reserves to respond to unexpected budget pressures to support delivery of the service in the short term. Going in to 2024/25 the Police and Crime Commissioner and Chief Constable have approved raising the Council Tax Precept to bridge the financial gap. Once a financial budget gap has been identified, it is escalated through the committee structure to get approval for the use of reserves to address such shortfall. In addition, the MTFS considers the borrowing position and the impact on the strategy when budget gaps are identified, the solutions are discussed through the MTFS to the Joint Independent Audit Committee.• A Priority Based Budgeting approach has been introduced to the Police and Crime Commissioner and Chief Constable recently to create efficiency savings. Heads of Departments and Area Commanders were required to identify both cash and non-cash efficiencies. Approved efficiencies and budget reductions delivered in 2024/25 were over £8.4m.
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<ul style="list-style-type: none">• The funding from grant allocations and other sources is communicated before the budget preparation process in the Joint Business Meetings to start the budget planning process. Financial planning is part of the budget plan and MTFS, i.e. the significant financial challenges, proposed service/strategic changes and statutory priorities are discussed at the Joint Business Meeting and proposals for implementation.• We have reviewed the minutes, budget and the MTFS and noted that the Police and Crime Commissioner and Chief Constable discusses the changing demand for policing services and the financial resources available to meet these changing circumstances during the financial planning and budgeting process. The financial plans and budget are monitored throughout the year to adapt to any new financial pressures identified. There is a review process in the JIAC whereby, budgets are scrutinised and compared to performance; these are discussed and actions documented in the Committee action lists to help drive improvements.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that its 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	<ul style="list-style-type: none">• National discussions are held each year with the Home Office, including representation from some police forces, regarding grants allocation. These discussions, alongside more local discussions such as those with The North-East Regional Organised Crime Unit (NEROCU) entities, are the building blocks to the determining the budget for the coming year, as well as discussing the council tax implications for each council.• The Police and Crime Commissioner and Chief Constable have a collaboration with Durham and Cleveland police - The North-East Regional Organised Crime Unit (NEROCU) to respond to serious and organised crime. NEROCU is financed through a combination of Home Office Grants and Force contributions.• The budget for NEROCU is proposed by Northumbria as finance lead for the arrangement. The budget is produced with input from the NEROCU Senior Management Team before being presented to the NEROCU management board with a recommendation to approve to progress to Joint Committee. The Joint Committee (made up of the PCCs from the three forces) is then asked to agree the budget (the PCCs from the 3 forces). Any change is then factored into the Chief Constable's budget.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<ul style="list-style-type: none">• The financial plans of the Police and Crime Commissioner and Chief Constable are constantly reviewed throughout the year, with forecasts being updated. The Chief Financial Officer holds Treasury Management monitoring meetings on a monthly basis, and financial plans are updated quarterly as needed.• Budgets are maintained and monitored quarterly and adjusted as more information becomes available or material differences arise to manage emerging risks and opportunities, and revise strategy when necessary.• The OPCC during its finance meeting reviews and challenge the financial plans, forecasts and revised budgets as part of financial performance monitoring.

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Arrangements in place

- The Police and Crime Commissioner and Chief Constable have an established governance structure. The Police and Crime Commissioner and Chief Constable maintain risk registers. Upon review of the registers, it was identified that the Chief Constable (CC) has eleven risks, four of which are deemed significant, while the Police and Crime Commissioner (PCC) has four risks, with one being considered significant. The following risks have been classified as Medium to High (Likelihood and Impact), indicating that the Force has limited influence over these risks in the short term:
 - Risk 2 – Finance (PCC and CC): Reduction in funding and/or funding pressures necessitating changes to financial planning and/or alterations to the resourcing of service delivery.
 - Risk 1 – Digital Policing (CC): Inability of the Force to effectively respond to service demands due to loss or failure of mission-critical and business-critical technology solutions.
 - Risk 4 – Information and Data Management (CC): Challenges in adhering to and complying with consistent and sustainable data management processes and standards to prevent data breaches.
 - Risk 12 – Workforce (CC): Standards, conduct, and behaviours of the workforce not aligning with Northumbria Police values and the Code of Ethics.
- Each risk is assigned to designated risk owners and associated with specific mitigating controls and actions. These risks are monitored through status updates, which are included in the quarterly performance reports presented to the Governance and Oversight structures. This includes Executive Meetings, the Annual Scrutiny Programme of the CC/PCC Governance, as well as meetings of the Joint Independent Audit Committee (JIAC) and Police and Crime Panels.
- The Police and Crime Commissioner and Chief Constable have whistleblowing procedure in place which allow officers and staff to report concerns in respect of any colleagues, service providers or third parties with confidentiality to the management or the Independent Office for Police Conduct.
- The Procurement Protocols Procedure of the Police and Crime Commissioner and Chief Constable set out that all payments made are required to be in accordance with Financial Regulations and examined to consider value for money.
- Furthermore, the Acceptable Use Policy of the Police and Crime Commissioner and Chief Constable set out rules to ensure police information is stored and handled appropriately, any breach of the policy may result in investigation by the Professional Standards Department and could result in discipline action being taken.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body approaches and carries out its annual budget setting process	<ul style="list-style-type: none">• Budget setting normally starts in July and August each year for the next financial year. Finance providers prepare working papers with the individual budget holders for the forthcoming year to be reviewed by the Finance Lead. Savings plans would be raised to Priority Based Budgeting (PBB) panel for approval.• Pay cost is the biggest cost of the Police and Crime Commissioner and Chief Constable. A forecast of starters and leavers would be prepared each year by People Services. Main considerations regarding people costs include, costs of different recruitment routes, transfer from other Forces.• After considering costs, economic environment including inflationary increases, available income (core grant income allocation and precept income) for the future years, medium term budget plan; the budget plan for the next year would be drafted in October and November.• The budget plans would then be presented to Executive Team, then the Commissioner would present the budget and precept proposals to the Police and Crime Panel for approval.• As for capital proposals, a detailed proposal report is required for each significant project; and for each smaller project, a standardised proposal form must be completed. An assessment of risks and benefits, and a forecast of capital costs and revenue support are required to be included in each proposal. Each proposal is submitted to Executive Team for review, then submitted to Police and Crime Commissioner for approval.
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>The joint Chief Finance Officer issues a statement of the budget estimates, assumptions and adequacy of reserves to be used in the budget preparation. In assessing the robustness of the budget, the Chief Finance Officer reports to the following to OPCC Finance Meeting:</p> <ul style="list-style-type: none">• The general financial standing of the group made up of the OPCC and Northumbria Police.• The underlying budget assumptions, including an assessment of the estimates for pay and price increases.• A risk assessment of expenditure and income estimates.• The known and future budget pressures identified in the MTFs, including the impact of budget cuts.• The adequacy of the budget monitoring and financial reporting arrangements.• The adequacy of the Commissioner's governance arrangements and internal control system.• The adequacy of general reserves to cover any potential financial risks faced by the Commissioner.• The Autumn Statement and the OBR Forecasts, and the levels of grant support. <p>The budgets are reviewed by the Commissioner and recommended for approval by the Police and Crime Panel within the statutory timeframes which is before end of February each year.</p>

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	<ul style="list-style-type: none">• The Police and Crime Commissioner and Chief Constable has four main committees and a panel including Joint business meetings, Office of the Police and Crime Commissioner (OPCC), Joint Independent Audit Committee, Executive Board, and Police and Crime Panel. Each Committee includes member representation to provide independent challenge of management, and they are required to report to Commissioner on the assurance received.• The committees meet quarterly and are comprised of appropriately skilled and experienced members, have clear terms of reference which emphasises the Committee's role in providing effective challenge and has an annual work plan to help focus their scrutiny of both organisations to strengthen the governance arrangements and understanding of risks.• Budgets and performance reports are presented to OPCC Finance Meetings quarterly to assess the success of the strategy to manage the risks and to monitor emerging risk and opportunities to revise the strategy where necessary.• The risk register is updated and reviewed by JIAC regularly to ensure a response to the changing environment is still adequate.• The Police and Crime Commissioner and Chief Constable have an Internal Audit Service, provided under an agreement with Gateshead Council, which is required to objectively examine, evaluate and report upon the adequacy of the control environment to JIAC.• The Internal audit have planned and completed 26 audits for the year 31 March 2024. One reported was not to have significant weaknesses in controls identified. two reports were rated as satisfactory and 22 reports noted the controls to be operating well.• The overall conclusion from the Head of Internal Audit reported during 2023/24, which included advice on governance arrangements, indicated that the internal control systems and risk management and governance arrangements of the Police and Crime Commissioner and Chief Constable were operating effectively.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	<ul style="list-style-type: none">• The Police and Crime Commissioner and Chief Constable require that every employee works honestly and ethically, following the principles and standards of professional behaviour. The policies in place to manage officers' and members' behaviours are :<ul style="list-style-type: none">• Whistleblowing procedure - allow officers and staff to report concerns of any colleagues, service providers or third parties with confidentiality to the management or the Independent Office for Police Conduct.• Acceptable Use Policy - police information is stored and handled appropriately, any breach of the policy may result in investigation by the Professional Standards Department and could result in discipline action being taken.• Gifts, Gratuities and Hospitality - except trivial gifts, all other gifts should be declared or rejected• Notifiable & Inappropriate Associations - any association that has the potential compromise the operations or activities of, or public confidence in Northumbria Police need to be reported to line manager• Business Interests - written notice should be submitted to line managers and reviewed within 14 days by area command/department• Information related to office holders, staff, income and expenditure, assets and liabilities, key decisions, policies, priorities, inspection results, complaints are published online to be access by all employees. These policies are monitored by the JIAC and this ensures that they are given appropriate challenge and updates if necessary.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How financial and performance information has been used to assess performance to identify areas for improvement	<ul style="list-style-type: none">Financial performance against budget and efficiency plan delivery is monitored throughout the year, revenue and capital spending is reported to Executive Team each month.Budget Reports and Business Packs are provided to Area Commanders and Heads of Departments monthly, using of Power BI to show trends/analysis and allow drilling down into individual data points. This allows the Force to identify changes in each area, and report areas of concerns (overspend/underspend) in a timely basis.On a quarterly basis, capital and revenue monitoring reports would be presented at the Joint Business Meeting to be presented to the Chief Constable and the Police and Crime Commissioner.Performance is monitored through Board meetings and quarterly reports to OPCC Finance Meeting. The meetings are attended the Chief Finance Officer.
How the body evaluates the services it provides to assess performance and identify areas for improvement	<ul style="list-style-type: none">Service performance against the Police and Crime Plan is monitored by the Strategic Performance Board chaired by the Deputy Chief Constable each month. The performance is then reported to Executive Teams and the Police and Crime Panel to determine areas for improvements.The performance data is published on Police and Crime Commissioner and Chief Constable 's website (https://www.police.uk/pu/your-area/northumbria-police/performance/performance-northumbria-police/). The KPIs including number of recorded crime, anti-social behaviour incidents, repeat victims; police response times, answer times; number of serious violence offences, public perception, satisfaction are included in the local performance data and consolidated into national performance data to reflect the national police performance.The Police and Crime Commissioner measures their KPIs and presents performance reports the board members at committees, these are tracked throughout the year including a comparison actual performance to budget.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	<ul style="list-style-type: none">• The Police and Crime Commissioner and Chief Constable are established as two separate entities and, for financial reporting purposes, the Chief Constable is a subsidiary of the Commissioner. The Commissioner has its own budget, receives all income and funding and allocates a separate budget to the Chief Constable to make operational decisions and take control of the Police Force. The Police and Crime Commissioner monitors the performance of Chief Constable. The Police and Crime Commissioner's decisions are reviewed and scrutinised by the Police and Crime Panel.• NEROCU is the collaboration of Northumbria police, Durham police and Cleveland police to tackle serious organised crime across the North-East region. The Management Board of NEROCU is composed of Deputy Chief Constables (DCC) & Assistant Chief Constables (ACC) from the three Police Forces and the Head of NEROCU. The finance lead attends, and presents papers to, the Management Board.• The Joint Committee is composed of CCs, PCCs, Chief Finance Officer (Northumbria), ACC Lead, Head of NEROCU.• The budget is prepared annually for NEROCU, and presented to The Management Board, then approved by The Joint Committee in January each year. Monitoring reports are presented to The Management Board and The Joint Committee quarterly.• This Joint Arrangement is reported in Statements of Account, audited by Internal Audit, and covered by HMICFRS inspection work.
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	<ul style="list-style-type: none">• The Police and Crime Commissioner and Chief Constable have a procurement team that run the procurement process and activities such as developing procurement policies and related procedures, tendering for good and services, awarding contracts and contract management. The procurement function is led by the Head of Procurement, supported by a procurement manager, procurement business partners and procurements officers.• The Procurement Protocols Procedure set out that all payments made are required to be in accordance with Financial Regulations and examined to consider value for money. Compliance with Procurement Procedures monitored through the executive management and quarterly update to JIAC.• The Force has no outsourcing arrangements.

Appendix B – Fee Update

As reported in our Audit Results Report, PSAA have updated the Scale Fees for audits from 2023/24 to reflect additional audit and regulatory requirements implemented since the start of the contract period. These replace recurring charges that had been included within Scale Fee Variations. The revision to ISA (UK) 315 has impacted our scope and approach and requires us to enhance the audit risk assessment process, better focus responses to identified risks and evaluate the impact of IT on key processes supporting the production of the financial statements. The revision to the standard has not been included in the update to the scale fees.

The following matters were also reported as arising during the audit for which we will be seeking a variation to the scale fee:

- 1) Additional testing required over reports and information by provided by management, as they did not want to provide us with a full general ledger download without us going through the full police vetting process
- 2) Substantial additional audit effort required by both management and the audit team in relation to testing the existence of ICT assets, given that no reconciliation between asset management systems and the fixed asset register is performed.
- 3) Additional audit resource being allocated to the audit, outside of the planned resource bookings, due to delays in receiving some information from management to support the audit

Upon conclusion of the audit, and comparison of actual time incurred on the audit compared to budget, we also identified the following areas where additional time above that planned was incurred:

- 1) Errors in valuation of Property, Plant and Equipment and the late revaluation of the Sexual Assault Referral Centre meant that this area of the audit had to be revisited.
- 2) As a result of management requesting updated IAS 19 reports, to reflect actual asset returns and reflect more accurate information in the financial statements, we were required to re-perform testing over the pensions disclosures in the financial statements.

We have included an estimated impact on the scale fee in the table below, but it will be for PSAA to determine the final fee payable by the PCC and CC.

Current Year Fees	PCC £	CC £
Total Base Scale Fee – Code work	100,724	52,805
Proposed Scale Fee Variation	78,983	25,038
Total proposed fee for Code work	179,707	77,843

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ED None

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Police and Crime Commissioner for
Northumbria
Group Audit planning report

Year ending 31 March 2025
30 April 2025



30 April 2025



Joint Independent Audit Committee
Police and Crime Commissioner for Northumbria,
Chief Constable of Northumbria
Balliol Business Park
Benton Lane, Newcastle Upon Tyne,
NE12 8EW

Dear Joint Independent Audit Committee members

2024/25 Group Audit Planning Report

Attached is the Audit Planning Report for the upcoming meeting of the Joint Independent Audit Committee. This report aims to provide the Joint Independent Audit Committee of the Police and Crime Commissioner for Northumbria (PCC) and the Chief Constable for Northumbria (CC) with a basis to review the proposed audit approach and scope for the 2024/25 audit. This is in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements. This report summarises our evaluation of the key issues driving the development of an effective audit. We have aligned our audit approach and scope accordingly. The report also addresses the broader impact of Government proposals aimed at establishing a sustainable local audit system.

As the PCC and CC's body charged with governance, the Joint Independent Audit Committee plays a crucial role in ensuring assurance over both the quality of the draft financial statements prepared by management and the PCC and CC's wider arrangements to support a timely and efficient audit. Failure to achieve this will affect the level of resources required to fulfil our responsibilities. We will assess and report on the adequacy of the PCC and CC's external financial reporting arrangements, as well as the effectiveness of the Joint Independent Audit Committee in fulfilling its role within those arrangements as part of our Value for Money assessment. We will also consider invoking other statutory reporting powers to highlight any weaknesses in these arrangements if deemed necessary. We direct Joint Independent Audit Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) for expectations on preparing financial statements (see Appendix A).

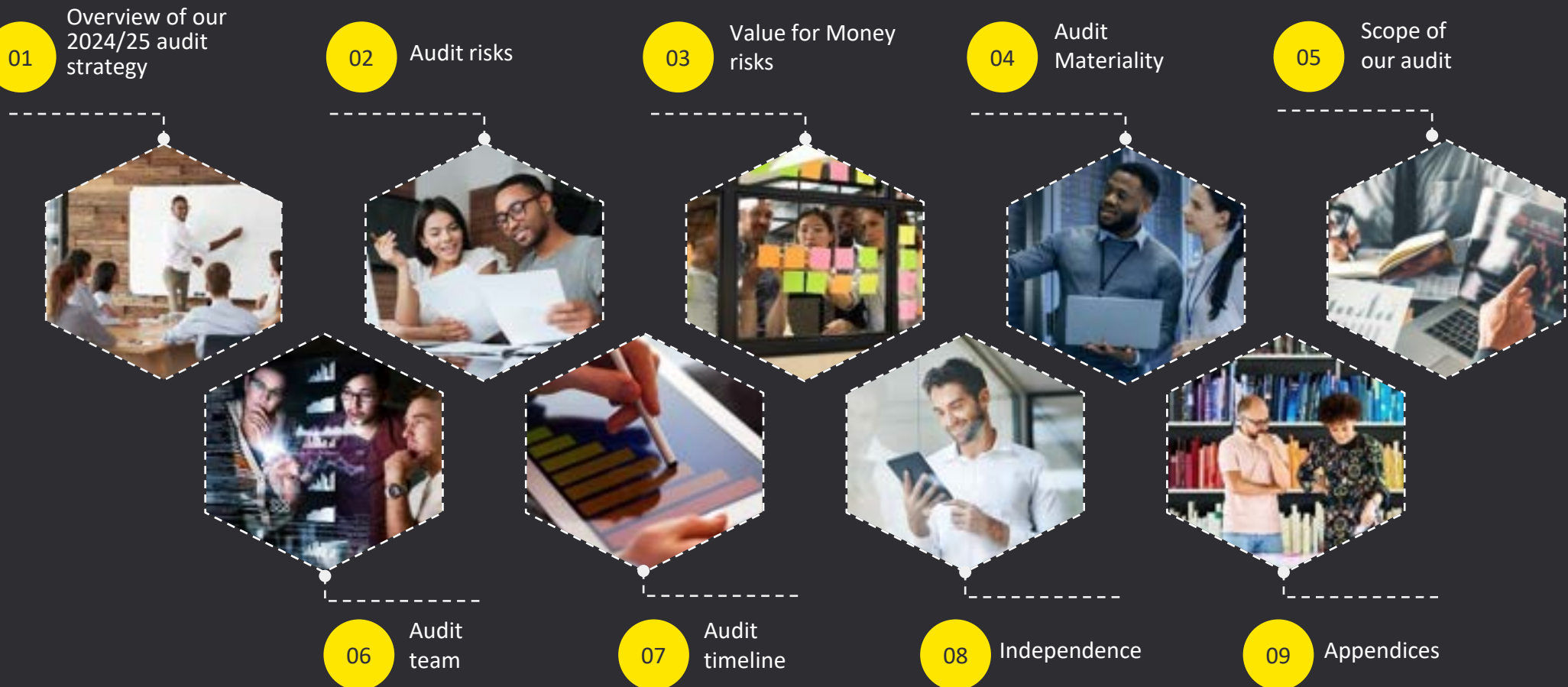
This report is intended solely for the information and use of the Joint Independent Audit Committee and management, and is not intended to be, and should not be used, by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 25 June 2025 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Claire Mellons
Partner
For and on behalf of Ernst & Young LLP
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Contents



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA (<https://www.psaa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Joint Independent Audit Committee and management of Police and Crime Commissioner for Northumbria and Chief Constable of Northumbria (PCC/CC Northumbria). Our work has been undertaken so that we might state to the Joint Independent Audit Committee and management of PCC/CC Northumbria those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Joint Independent Audit Committee and management of PCC/CC Northumbria for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

2024/25 audit strategy overview



2024/25 audit strategy overview

Context

Timely, high-quality financial reporting and audit of local bodies play a crucial role in our democratic system. It aids in effective decision-making by local bodies and ensures transparency and accountability to local taxpayers.

Responsibilities of management and those charged with governance

The PCC and CC's Section 151 Officer is responsible for preparing the financial statements in accordance with proper practices and confirming they give a true and fair view at the 31 March 2025. To complete the audit in a timely and efficient manner, it is essential that the financial statements are supported by high-quality working papers and audit evidence, and that PCC and CC resources are available to support the audit process within agreed deadlines. The Joint Independent Audit Committee has an essential role in ensuring that it has assurance over both the quality of the financial statements and the PCC and CC's wider arrangements to support the delivery of a timely and efficient audit. Where these conditions are not met, we will:

- Consider and report on the adequacy of the PCC and CC's external financial reporting arrangements as part of our assessment of Value for Money arrangements.
- Consider the use of other statutory reporting powers to draw attention to weaknesses in PCC and CC financial reporting arrangements, where deemed necessary.
- Assess the impact on available audit resource and where additional resources are deployed, seek a fee variation from PSAA. We have set out the factors that will lead to a fee variation at Appendix B, together with, at Appendix A, paragraphs 26-28 of PSAA's Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements.

2024/25 audit strategy overview

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Joint Independent Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Misstatement due to fraud or error (PCC and CC)	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure (PCC)	Fraud risk	No change / increase in risk or focus	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.</p>
Valuation of Land and Buildings (PCC)	Risk of material misstatement	Decrease in risk	<p>The PCC holds land and buildings with a reported net book value of £85.008m valued on Depreciated Replacement Cost, Existing Use Value and Fair Value bases.</p> <p>The PCC re-values all significant value assets and investment properties annually. For the rest of capital assets, it has a rolling program of valuation that ensures approximately one third of the asset portfolio are revalued each year by management specialists. The valuation involves significant estimation and judgement and therefore ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying these estimates.</p> <p>Due to the high estimation uncertainty involved in valuing the assets, we recognised a risk of material misstatement in valuation. We have decreased the risk from a significant risk in 2023/24 as we now have experience of the methodology used by in the internal specialists who perform the valuation by reviewing their calculations in prior year.</p>

2024/25 audit strategy overview

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Joint Independent Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus (continued)

Risk/area of focus	Risk identified	Change from PY	Details
Valuation of Pension Liabilities (PCC and CC)	Risk of material misstatement	No change / increase in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the PCC and CC to make extensive disclosures within its financial statements regarding its membership of the Local Government and Police Pension Schemes.</p> <p>Accounting for this schemes involve significant estimation and judgement and therefore management engages an external actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>
Impact of implementation of IFRS 16 (PCC and CC)	Risk of material misstatement	New risk	<p>IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/24 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the PCC and CC's 2024/25 accounts.</p> <p>IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the PCC and CC is lessee these will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.</p> <p>The PCC and CC performed an initial impact assessment in 2023/24 and expected to recognise a right of use asset of £1.283 million and lease liability of £0.985 million. Although below our performance materiality, we will perform procedures to check completeness and valuation of these balances. We have therefore included the implementation of IFRS 16 as a new inherent risk.</p>

We will continue to keep the Joint Independent Audit Committee updated on our assessment of any changes to audit risk.

2024/25 audit strategy overview

Group Materiality

Planning materiality

£10.94m

Materiality has been set at £10.94m, which represents 1.8% of 2023/24 gross expenditure.

Performance materiality

£5.47m

Performance materiality has been set at £5.47m, which represents 50% of materiality.

Audit differences

£0.55m

We will report all uncorrected misstatements relating to the primary statements (movement in reserves statement, comprehensive income and expenditure statement, balance sheet, cash flow statement) greater than £0.55m. Other misstatements identified will be communicated to the extent that they merit the attention of the Joint Independent Audit Committee.

Single Entity Materiality

Planning materiality

PCC: £2.91m

CC: £9.56m

PCC materiality has been set at £2.91m, which represents 1.8% of 2023/24 gross assets.

CC materiality has been set at £9.56m, which represents 1.8% of 2023/24 gross expenditure.

Performance materiality

PCC: £1.46m

CC: £7.17m

PCC performance materiality has been set at £1.46m, which represents 50% of materiality.

CC performance materiality has been set at £7.17m, which represents 75% of materiality. However, we will use the allocated threshold of £4.95m for group reporting purposes as this is lower than the single entity performance materiality.

Audit differences

PCC: £0.15m

CC: £0.48m

We will report all uncorrected misstatements relating to the primary statements (movement in reserves statement, comprehensive income and expenditure statement, balance sheet, cash flow statement) greater than £0.15m for PCC and £0.48m for CC. Other misstatements identified will be communicated to the extent that they merit the attention of the Joint Independent Audit Committee.



2024/25 audit strategy overview

Audit scope

This audit planning report covers the work that we plan to perform to provide you with:

- our audit opinion on whether the financial statements give a true and fair view of the financial position as at 31 March 2025 and of the income and expenditure for the year then ended; and
- our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on the value for money arrangements in Section 3.

We also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the PCC and CC's Whole of Government Accounts return.

Our audit will also include the required mandatory procedures in accordance with applicable laws and auditing standards.

When planning the audit we consider several key inputs:

- strategic, operational and financial risks relevant to the financial statements;
- developments in financial reporting and auditing standards;
- the quality of systems and processes;
- changes in the business and regulatory environment; and
- management's views on all the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant.

Considering the above, our professional duties require us to independently assess audit risks and take appropriate actions. The Terms of Appointment with the PSAA permit fee adjustments based on 'the auditor's assessment of risk and the work needed to meet their professional responsibilities'. Therefore, we outline these risks in this audit planning report and will discuss any impact on the proposed scale fee with management.

2024/25 audit strategy overview

Audit scope (Cont.)

Effects of climate-related matters on financial statements

Public interest in climate change is growing. We recognize that climate-related risks may span a long timeframe, and while these risks exist, their impact on the current financial statements may not be immediately significant. However, it remains essential to understand these risks to conduct a proper evaluation. Additionally, comprehending climate-related risks may be pertinent in the context of qualitative disclosures in the notes to the financial statements and in assessing value-for-money arrangements.

We inquire about climate-related risks during every audit as part of our understanding of the entity and its environment. As we continually re-evaluate our risk assessments throughout the audit, we consider the information obtained to help us assess the level of inherent risk.

Audit scope and approach

We plan to adopt a substantive audit approach.

Value for Money

We are required to consider whether the PCC and CC have made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

The value for money planning and related risk assessment aims to collect enough evidence to document our evaluation of the PCC and CC's arrangements, allowing us to prepare a commentary based on three reporting criteria. This process includes identifying and reporting any significant weaknesses in those arrangements and making suitable recommendations.

We will provide a commentary on the PCC and CC's arrangements against three reporting criteria:

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

Commentary on value for money arrangements will be included in the 2024/25 Auditor's Annual Report. This will need to be issued by 30 November 2025 to comply with the revised requirements of the NAO Code.

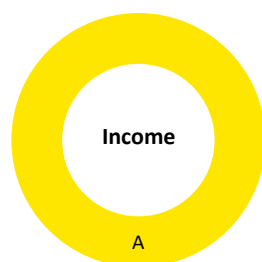
Timeline

An audit timetable has been agreed with management. In Section 7 we include a provisional timeline for the audit. It is essential that all parties collaborate to ensure compliance with this timeline.

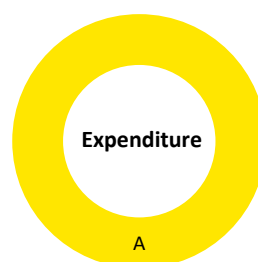
2024/25 audit strategy overview

Group Audit scope

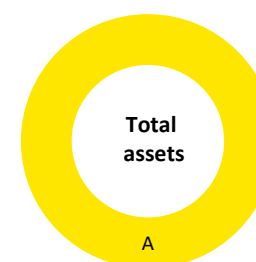
The scoping of the group audit addresses the risks of material misstatement in the PCC and CC's financial statements, including those noted under 'Audit risks' and 'Other areas of audit focus'. For the year-end audit, aligned with ISA (UK) 600 (Revised), effective for periods starting on or after 15 December 2023, we have tailored our audit scope to respond to these identified risks. This has influenced our choice of locations and the extent of procedures undertaken. Through our on-site work we will cover the following percentages, by full scope (A) and specific scope (B) audits, of Income, Expenditure and Total Assets



100%
(2023/24: 100%)



100%
(2023/24: 100%)



100%
(2023/24: 100%)

- We have specifically considered the scope of our audit in response to the identified risks above, which has impacted the extent of procedures performed in these areas.
- The same audit team will be responsible for the audit of both components.
- ▶ We plan to take a substantive audit approach which was the same approach we have taken in the previous year.



02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Presumptive risk of management override of controls *

Fraud risk (PCC and CC)

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What will we do?

- Identifying fraud risks during the planning stage of the audit.
- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- Considering whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Undertake procedures to identify significant unusual transactions.
- Consider whether management bias was present in the key accounting estimates and judgments in the financial statements.

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that those procedures included under the fraud risk 'Inappropriate capitalisation of revenue expenditure' are required.

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure *
Fraud risk (PCC)

Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

- Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger.
- Expenditure being classified as revenue expenditure financed as capital under statute (REFCUS) when it is inappropriate to do so.
- Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.

If this were to happen it would have the impact of understating revenue expenditure and overstating Property, Plant and Equipment (PPE) / Investment Property (IP) additions and/or REFCUS in the financial statements.

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

What will we do?

- Test Property, Plant and Equipment (PPE) / Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- Assess whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- Consider whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use.
- Test REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources. Based on our work at the planning stage of the audit we do not expect there to be material REFCUS in the year.
- Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

Our response to inherent risks

We have set out the inherent risks identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Valuation of Land and Buildings Risk of material misstatement (PCC)

Financial statement impact

At 31 March 2024, the PCC has reported land and buildings with a net book value determined on the following bases:

- PPE land and buildings (valued using Depreciated Replacement Cost – Specialised operational properties and Existing Use Value – Non-specialised operational properties) of £83.233m; and
- Investment Property (valued at fair value) of £1.775m.

What is the risk?

The PCC holds land and buildings with a reported net book value of £85.008m. This is valued on Depreciated Replacement Cost, Existing Use Value and Fair Value bases.

The PCC re-values all significant value assets and investment properties annually. For the rest of capital assets, it has a rolling program of valuation that ensures approximately one third of the asset portfolio are revalued each year by management specialists. The valuation involves significant estimation and judgement and therefore ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying these estimates.

Due to the high estimation uncertainty involved in valuing the assets, we recognised a risk of material misstatement in valuation. We decreased the risk from significant in 2023/24 since we have experience with the methodology used by in the internal specialists who perform the valuation by reviewing their calculations in prior year.

What will we do?

We will:

- ▶ Assess the design and implementation of controls around the valuation of Land and Buildings.
- ▶ Review the Fixed Asset Register to identify properties with higher indicators of risk.
- ▶ Consider the competence, capability and objectivity of both internal and management's specialists.
- ▶ Group the assets revalued during the year into strata depending on the nature and valuation basis. Select a sample of assets based on value and complexity of valuation, ensuring that at least one asset have been selected per stratum.
- ▶ Perform a review of the methodology and inputs/assumptions used (e.g. floor plans to support valuations based on price per square metre, yield rates, uncertainty factor, etc.).
- ▶ Review movement in value of assets that are not subject to valuation in 2024/25 to confirm that these are consistent with market indices to gain comfort that the remaining asset base is not materially misstated.
- ▶ Test accounting entries have been correctly processed in the financial statements.

Our response to inherent risks

We have set out the inherent risks identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Valuation of Pension Liabilities Risk of material misstatement (PCC and CC)

Financial statement impact

The PCC and CC have 2 pension schemes: Local Government Pension Scheme (LGPS) administered by the Tyne and Wear Pension Fund (TWPF) and the local Police Pension Scheme (PPS).

LGPS has a net asset balance of £31.220m in the audited 2023/24 statement of accounts of the PCC and CC.

PPS has a liability balance of £3.283b in the audited 2023/24 statement of accounts of the PCC and CC.

The Code requires that this net asset/liability be disclosed on the PCC and CC's balance sheet, and required disclosures be made in the supporting notes.

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the PCC and CC to make extensive disclosures within its financial statements regarding its membership of the Local Government and Police Pension Schemes.

Accounting for these schemes involve significant estimation and judgement and therefore management engages an external actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

LGPS

We will:

- Liaise with the auditors of the TWPF, to obtain assurances over the information supplied to the actuary in relation to the PCC and CC.
- Assess the work of the pension fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team.
- Consider the competence, objectivity and capability of the scheme's actuary.
- Review and test the accounting entries and disclosures made within the PCC and CC's statements of account, including asset ceilings used.

PPS

We will:

- Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model.
- Consider the competence, objectivity and capability of the scheme's actuary.
- Review and test the accounting entries and disclosures made within the CC's statement of account and Police Pension Fund account.

We will consider outturn information from the PCC and CC draft financial statements. We will use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.

Our response to inherent risks

We have set out the inherent risks identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

IFRS 16 Implementation Risk of material misstatement (PCC and CC)

Financial statements impact

- Assets being used by the PCC and CC under operating leases are likely to be capitalised along with an associated lease liability.
- Lease liabilities and right of use assets will be subject to more frequent remeasurement.
- Other amendments have been made to the CIPFA Code to expand the definition of donated assets to include right-of-use assets and on accounting for leases provided at below market rate, including peppercorn and nil consideration.

What is the risk?

IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/25 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the PCC and CC's 2024/25 accounts.

IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the PCC and CC are lessees these leases will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.

Successful transition will depend on the PCC and CC having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The PCC and CC will also have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g. RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.

The PCC and CC performed an initial impact assessment in 2023/24 and expected to recognise a right of use asset of £1.283 million and lease liability of £0.985 million. Although below our performance materiality, we will perform procedures to check completeness and valuation of these balances. We have therefore included the implementation of IFRS 16 as a new inherent risk.

What will we do?

- Gain an understanding of the processes and controls developed by the PCC and CC relevant to the implementation of IFRS 16. We will pay particular attention to the PCC and CC's arrangements to ensure lease and lease-type arrangements considered are complete.
- Review the discount rate that is used to calculate the right of use asset and assess its reasonableness.
- Review management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management is adopting as the practical expedient to non-lease components.
- Gain assurance over the right of use asset included in the 2024/25 financial statements
- Sample test leases to ensure that transition arrangements have been correctly applied.
- Consider the accounting for leases provided at below market rate, including peppercorn and nil consideration, and the need to make adjustments to cost in the valuation of right of use assets at the balance sheet date.



03

Value for Money risks

Value for Money

PCC and CC's responsibilities for value for money

The PCC and CC is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

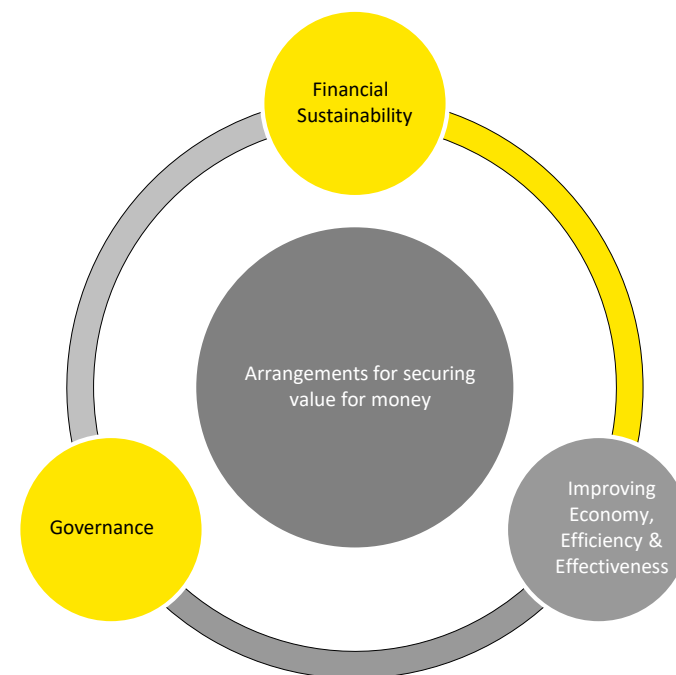
As part of the material published with the financial statements, the PCC and CC is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the PCC and CC tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.


Auditor Responsibilities

Under the NAO Code we are required to consider whether the PCC and CC has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the PCC and CC a commentary against specified reporting criteria (see below) on the arrangements the PCC and CC has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

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





Value for Money

Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes require us to conduct a risk assessment that collects sufficient evidence to document our evaluation of the PCC and CC's arrangements, allowing us to draft a commentary under the three reporting criteria. This involves identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. In considering the PCC and CC's arrangements, we consider:

- the governance statement;
- evidence of arrangements during the reporting period;
- evidence obtained from our audit of the financial statements;
- the work of inspectorates and other bodies; and
- any other evidence that we deem as necessary to facilitate the performance of our statutory duties.

We then evaluate whether there is evidence indicating significant weaknesses in arrangements. According to the NAO's guidance, determining what constitutes a significant weakness and the extent of additional audit work required to address the risk is based on professional judgment. The NAO indicates that a weakness can be considered significant if it:

- exposes, or could reasonably be expected to expose, the PCC and CC to significant financial loss or risk;
- leads to, or could reasonably be expected to lead to, significant impact on the quality or effectiveness of service or on the PCC and CC's reputation or unlawful actions;
- identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action / improvement plans.

Responding to identified risks of significant weakness

When planning work identifies a risk of significant weakness, the NAO's guidance requires us to consider the additional evidence needed to verify whether there is a significant weakness in arrangements. This involves conducting further procedures as necessary. We are required to report our planned procedures to the Joint Independent Audit Committee.



Value for Money

Reporting on VFM

If we determine that the PCC and CC has not made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, the NAO Code mandates that we reference this by exception in the audit report on the financial statements.

Additionally, we are required to provide a commentary on the value for money arrangements in the Auditor's Annual Report. The NAO Code specifies that this commentary should be clear, readily understandable, and highlight any issues we wish to draw to the PCC and CC's or the wider public's attention. This may include matters that are not considered significant weaknesses in arrangements but should still be brought to the PCC and CC's awareness. It will also cover details of any recommendations from the audit and the follow-up of previously issued recommendations, along with our assessment of their satisfactory implementation. Our 2024/25 Auditor's Annual Report requires to be issued by 30 November 2025 to comply with the revised requirements of the NAO Code.

Status of our 2024/25 VFM planning

We have completed our initial value for money planning, subject to review, where we have considered:

Our entity level controls and understanding the business assessment; PCC and CC's Risk Register; prior year Annual Governance Statement; Council meeting minutes; our planning meetings with management; key financial and budget information; key performance reports; internal audit reports; any findings of other inspectorates; review agencies and other relevant bodies including the Criminal Justice Inspectorates.

No risks of significant weakness in VFM identified from our initial value for money planning.

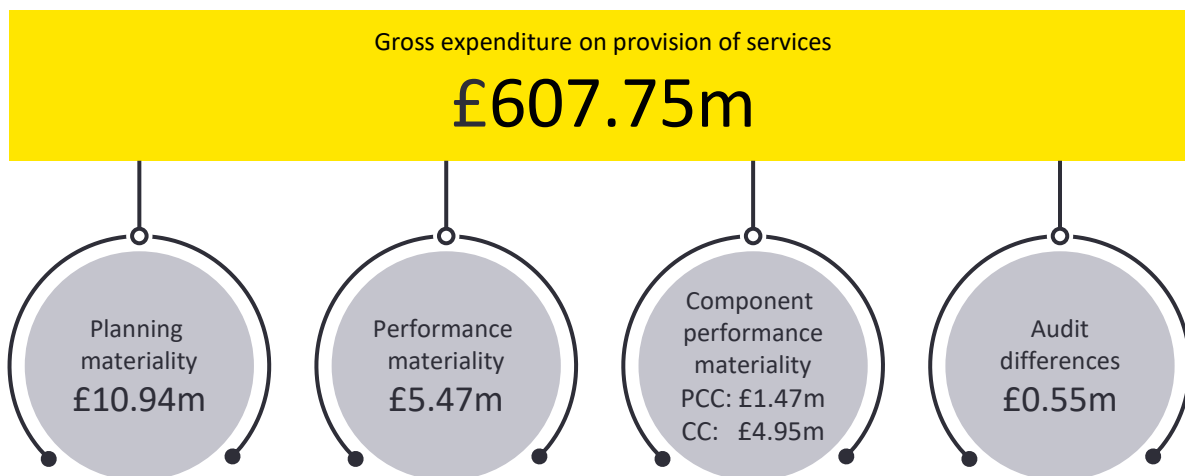


04 Audit materiality

Materiality

Group materiality

For planning purposes, Group materiality for 2023/24 has been set at £10.94m. This represents 1.8% of the Group's 2023/24 gross expenditure, as this is the measure that we consider to be of most interest to users of the financial statements. It will be reassessed throughout the audit process.



We will keep the Joint Independent Audit Committee updated on any changes to materiality levels as the audit progresses.

We request that the Joint Independent Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality — the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality — the amount we use to determine the extent of our audit procedures. We have set performance materiality at £5.47m which represents 50% of group materiality. We have selected 50% due to the level of errors identified in the 2023/24 audit and our expectation of errors within the group financial statements for 2024/25.

Component performance materiality range — we determine component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group.

Audit difference threshold — we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement or disclosures and corrected misstatements will be communicated to the extent that they merit the attention of the audit committee, or are important from a qualitative perspective.



05 Scope of our audit

Audit process and strategy

Objective and Scope of our Audit scoping

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report to the PCC and CC. Additionally, we aim to ensure that the PCC and CC have established proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, as mandated by relevant legislation and the requirements of the NAO Code.

We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

- whether the financial statements give a true and fair view of the financial position of the Group and its expenditure and income for the period in question; and
- whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements.

Other procedures required by the Code:

- Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the National Audit Office.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the PCC and CC have put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Audit process and strategy

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.
- Reliance on the work of other auditors where appropriate;
- Reliance on the work of experts in relation to areas, such as pensions and property valuations.

Our initial assessment of the key processes across the PCC and CC have not identified any processes where we will seek to test key controls, either manual or IT. Our audit strategy will, as in previous years, follow a fully substantive approach. This will involve testing the figures within the financial statements rather than looking to place reliance on the controls within the financial systems. We assess this as the most efficient way of carrying out our work and obtaining the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics

We will use a data driven approach to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

Due to concerns of management in sharing full ledger downloads with our data analytics team, we are not able to apply our digital audit methodology on the PCC and CC for 2024/25. The impact of this is likely to be that more work is required to obtain assurance over transaction listings provided to us by management and, as we are unable to perform analysis over whole populations of data and focus on anomalies and exceptions, we anticipate that a greater volume of substantive testing will be required which will lead to a variation being required to the audit scale fee, as was the case in 2023/24.

Internal audit

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

Scope of our audit

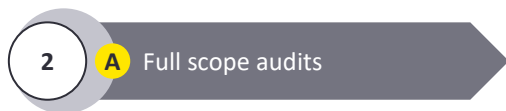
Group scoping

Our audit strategy for performing an audit of an entity with multiple components is risk-based and our scoping of the group audit responds to the risks of material misstatement that we have identified for the group financial statements. We identified both the PCC and CC components as significant components with a full audit scope.

The same audit team will be responsible for the audit of both components as well as the group consolidation procedures.

Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below.



Scope definitions

Full scope: locations involving the design and performance of audit procedures on a significant proportion of the financial information of the component. We will perform statutory audits of both entities, as well as auditing the consolidation for the Group.

Coverage of Income, Expenditure and Total Assets

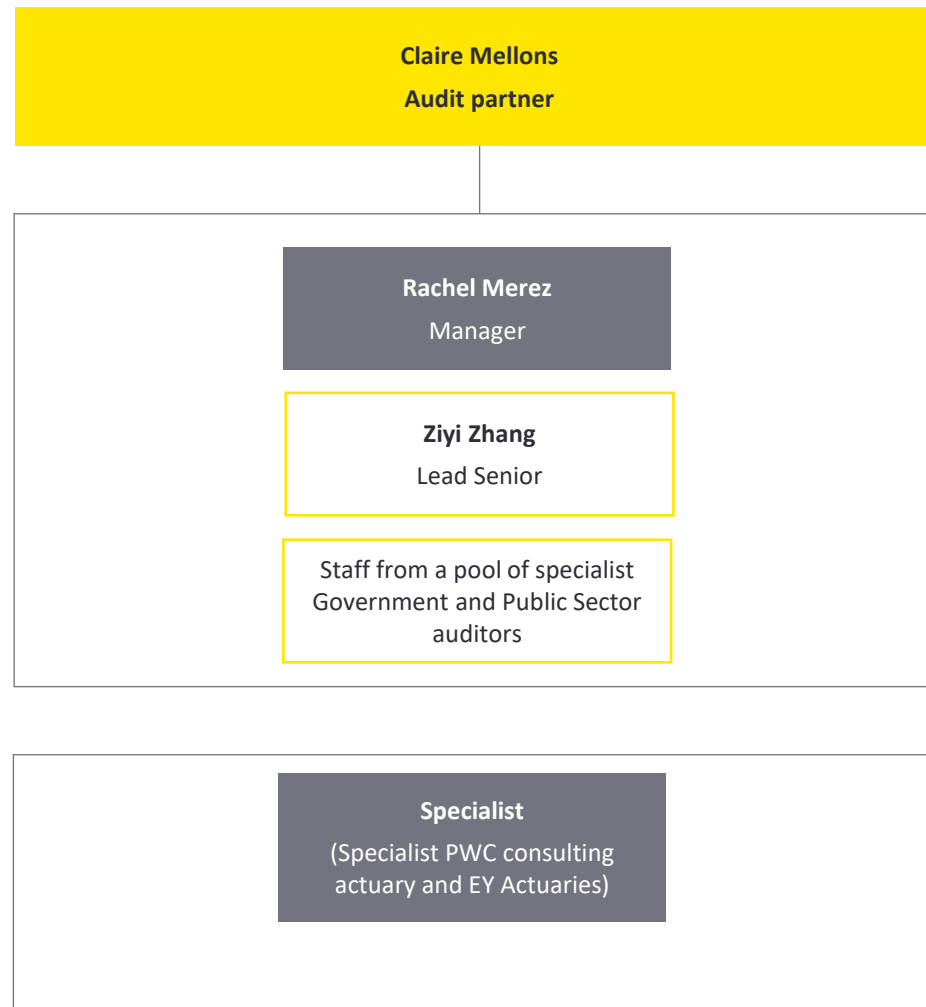
Based on our initial scoping using the 2023/24 audited accounts, our procedures are expected to achieve full coverage of the group's income and expenditure and total assets.

Throughout the audit, we will determine whether the group audit strategy needs to be updated to reflect new information. The group audit strategy is an iterative process, and we will continuously consider information throughout the group audit and reassess the group audit strategy, which includes re-assessing group scoping, and updating it as necessary.



06 Audit team

Audit team





Use of specialists

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
Pensions disclosure	EY Actuaries, PWC consulting actuary

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Group's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

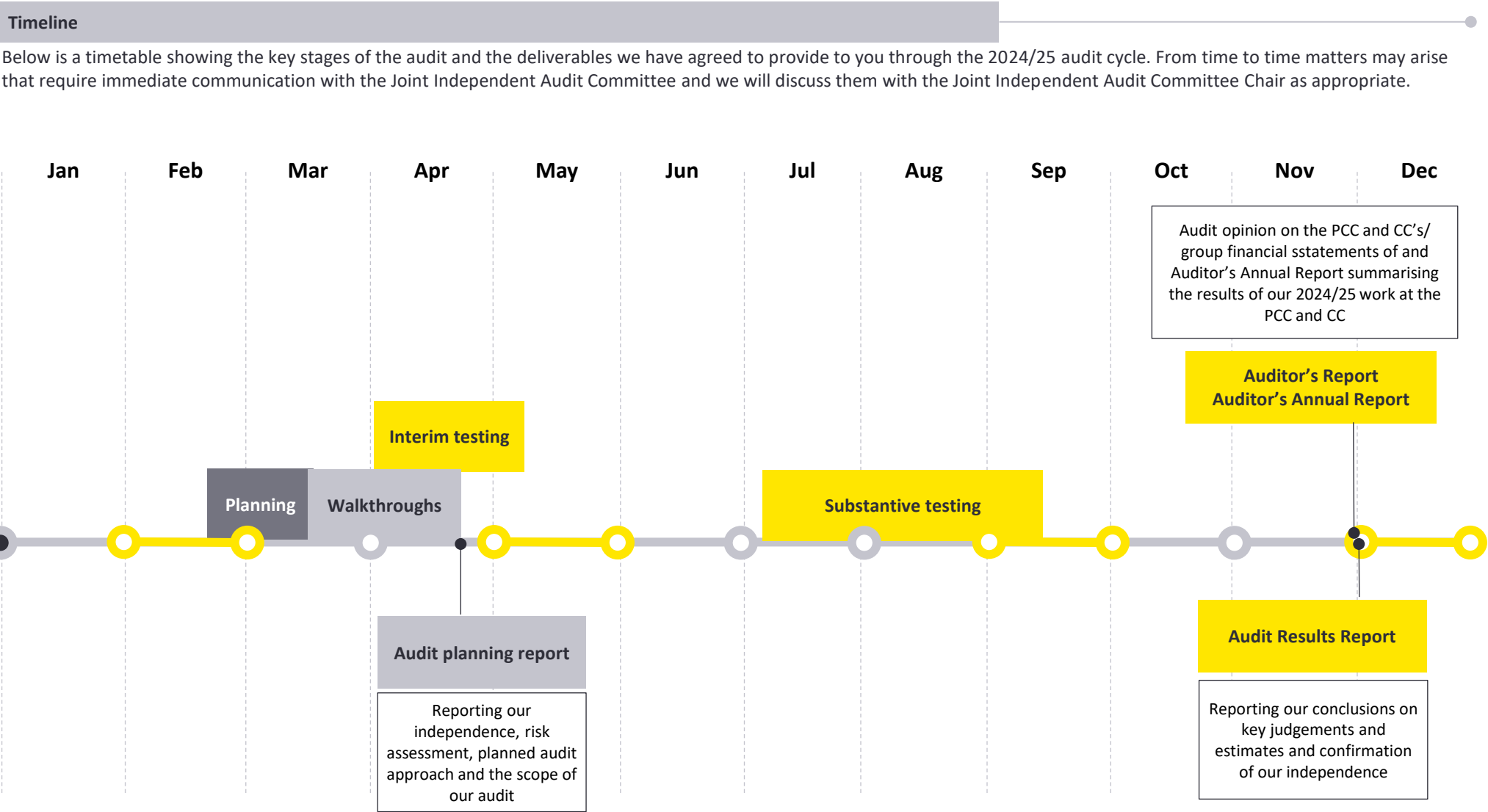
- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable
- Assess the reasonableness of the assumptions and methods used
- Consider the appropriateness of the timing of when the specialist carried out the work
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements



07

Audit timeline

Timetable of communication and deliverables





08

Independence

Introduction

The FRC Ethical Standard 2019 and ISA (UK) 260 ‘Communication of audit matters with those charged with governance’, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence
- ▶ The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the audit committee/those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a “pre-approval” to provide the service).
- ▶ All proposed NAS for PIE audit clients will be subject to a determination of whether the service might create a self-review threat (SRT), with no allowance for services related to amounts that are immaterial to the audited financial statements.

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Claire Mellons, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the entity/ies under audit. Examples include where we have an investment in the entities; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

At the time of writing, we do not propose to undertake non-audit services.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the entity/ies under audit. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.



Other communications

EY Transparency Report 2024

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2024 and can be found here: [EY UK 2024 Transparency Report](#).



09 Appendices

Appendix A – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Authority complies with PSAA’s Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the PCC and CC should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- assign responsibilities clearly to staff with the appropriate expertise and experience;*
- provide necessary resources to enable delivery of the plan;*
- maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

The agreed fee presented is based on the following assumptions:

- officers meeting the agreed timetable of deliverables;
- our financial statement opinion and value for money conclusion being unqualified;
- appropriate quality of documentation is provided by the PCC and CC;
- an effective control environment; and
- compliance with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the PCC and CC should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the PCC and CC in advance.

	Current Year	Scale fee	Prior Year
	£	£	£
Total Fee – Code Work (Note 1)			
PCC	109,019	109,019	100,724
CC	59,471	59,471	52,804
Additional fee (Note 2)			
PCC	TBC		78,983
CC	TBC		25,038
Total audit	TBC	168,490	257,549

All fees exclude VAT

(1) The 2023/24 work has just been completed and a final fee will be determined shortly by PSAA. For 2024/25 the planned fee represents the base fee, i.e. not including any extended testing.

(2) The scale fee may be impacted by a range of other factors which will result in additional work, which include but are not limited to:

- Extended testing due to management not providing the full ledger data.
- Quality of working papers and supporting schedules provided to the audit team.
- Lower materiality level used for PCC as a response to the number of errors identified in previous year which informed our assessment of likelihood of error for the current year.
- New accounting standards, for example full adoption or additional disclosures in respect of IFRS 16.
- Consideration of correspondence from the public and formal objections.
- Non-compliance with law and regulation with an impact on the financial statements.
- VFM risks of, or actual, significant weaknesses in arrangements and related reporting impacts, if any.
- The need to exercise auditor statutory powers.
- Prior period adjustments.
- Modified financial statement opinions

We have included in the table above an estimate of additional fees for the 2023/24 audit, but agreeing additional fees is the responsibility of PSAA and these values have not yet been confirmed. We note that proposed scope variations for the PCC are significantly higher in 2023/24, than any expectation for 2024/25, due to the significant amount of additional audit effort that was required to obtain assurance over the existence of fixed assets

Appendix C – Required communications with the Joint Independent Audit Committee

We have detailed the communications that we must provide to the audit committee.

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	This Group Audit planning report – issued to management in April 2025
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit results report – November 2025

Appendix C – Required communications with the Joint Independent Audit Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results report – November 2025
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit results report – November 2025
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Joint Independent Audit Committee responsibility 	Audit results report – November 2025

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Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit results report – November 2025
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>This Group Audit planning report – issued to management in April 2025</p> <p>Audit results report – November 2025</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report – November 2025
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Joint Independent Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Joint Independent Audit Committee may be aware of 	Audit results report – November 2025

Appendix C – Required communications with the Joint Independent Audit Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit results report – November 2025
Group audits	<ul style="list-style-type: none"> ▶ An overview of the work to be performed at the components and the nature of the group audit team's planned involvement in the work to be performed by component teams ▶ Instances when the group audit team's review of the work of a component team gave rise to a concern about the quality of that team's work, and how the group audit team addressed the concern ▶ Any limitations on the ability to obtain sufficient appropriate audit evidence in support of the group audit opinion, for example, where the group audit team's access to people or information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements ▶ Significant deficiencies identified in the group's system of internal control 	<p>This Group Audit planning report – issued to management in April 2025</p> <p>Audit results report – November 2025</p>
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report – November 2025
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit results report – November 2025
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report – November 2025
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit results report – November 2025

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JOINT INDEPENDENT AUDIT COMMITTEE	25 JUNE 2024
JOINT INDEPENDENT AUDIT COMMITTEE ANNUAL REPORT 2024/25	
REPORT OF: CARRIE YOUNG, CHAIR OF THE JOINT INDEPENDENT AUDIT COMMITTEE	

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The Joint Independent Audit Committee (JIAC) provides independent assurance that adequate corporate and strategic risk management arrangements are in place for the Police and Crime Commissioner for Northumbria (PCC) and the Chief Constable (CC). It jointly advises the PCC and the CC on governance matters as well as good practices.

The Chartered Institute of Public Finance and Accounting (CIPFA) guidance, recommends that the JIAC report annually on how they have discharged their duties and responsibilities.

This report provides the PCC and CC with a summary of the Committee's activities in the financial year 2024/25. It also seeks to provide assurance that the Committee has fulfilled its terms of reference, and added value to the overall governance arrangements that were in place for both the PCC and the CC.

The Committee wishes to record its gratitude to the former Joint Chief Finance Officer Kevin Laing, who was in post until February 2025, and welcomed Deputy Police and Crime Commissioner Claire Penny-Evans to the Committee. Also, the new Joint Chief Finance Officer Gail Thompson, and PCC Chief of Staff Ruth Durham for their constant support, along with the officers of the PCC and CC who have regularly attended JIAC throughout the year. The Finance and Corporate Development teams who have again facilitated the work of the Committee well during the year, along with the Internal and External Audit have assisted the Committee to fulfil its role.

2. COMMITTEE MEMBERSHIP AND ATTENDANCE.

The members of the Committee during the year were as detailed in the table below, along with their attendance record.

Member	No of Meetings	% Attendance
Carrie Young (Chair)	4	100%
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The Committee met on 4 occasions during the financial year.

All meetings are open to the press and public with minutes being published on the PCC website.

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The Committee has a role to ensure that the PCC and CC have in place robust and effective arrangements for the identification and management of strategic risks. A joint strategic risk register is maintained, which is reviewed at each meeting of the Committee. Regular reports are received from the Head of Corporate Development on:

- Escalation and de-escalation of identified strategic risks.
- Additional strategic risks arising during the year and the likely effect to the organisation.
- Deletions of risks, which are deemed no longer to have a strategic relevance.
- In each case, a full explanation is provided for any change of risk status.

The reports received by the Committee during the year have given assurance that strategic risks reflect the current challenging economic and operational environments, along with public confidence challenges. Along with His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspections, and internal audit reports on areas such as vetting; information governance and data security; digital policing security; budgetary control and treasury management have provided further assurance.

In November 2024 the Committee received an update on the annual strategic risk review. The Joint Strategic Risk Register (JSSR) is reviewed on an annual basis; this year's review took place at the end of August/September 2024 and included consideration of the current risk appetite for Northumbria Police.

The current risk position i.e. the risk level at which the Force is currently operating was noted as being within the Tolerable risk position in all areas.

Overall, Northumbria Police remains committed to increasing its appetite to risk in order to achieve the Force's purpose, vision and strategic objectives. A review of the Force Strategic Risk Register (FSSR) has been undertaken to ensure it captures emerging risks from local risk registers and accurately reflects the current risks faced by the Force.

The FSRR now captures risk(s) in thirteen thematic areas: Digital Policing; Finance; Governance; Information and Data Management; Information and Data Quality; Infrastructure and Assets; Operational; Partnership and Collaboration; Projects/Programmes; Public Confidence; Regulation and Standards; Strategy; and Workforce.

Following a request from the Committee, the risk rating of Public Confidence was re-examined. The assigned rating was not changed as local surveying continues to suggest that public confidence in the force remains high, though the force acknowledges public confidence can fluctuate.

Committee members expressed approval for the modifications to the approach to strategic risk.

Overall, the assurances of the Executive, together with triangulation of the risk register, with both internal and external audit reports, has provided reasonable assurance to the JIAC that strategic risks are managed effectively.

5. External Audit

Ernst & Young LLP (EY) provide external audit services. Whilst there were delays in the external audit of the 2023/24 financial statements, the audited accounts and opinion were published by the statutory backstop date of 28 February 2025. The outcome of the audit was reported at the February 2025 meeting, the outcome being unqualified opinions for both the PCC and CC.

This was the first year of audit with a new external auditor and it was acknowledged that there were delays in progressing areas of audit work, predominantly in relation to:

- Additional work required for verification of property, plant and equipment due to management not retaining a listing of equipment that reconciles to the financial statements.
- A high volume of audit queries being raised in relation to the Valuation of land and buildings, in the first year of working with the valuation experts.
- Listings initially provided for testing of accounts payable setting out movements in-year rather than a listing of balances at year end.

Whilst there were a number of misstatements disclosed in the Audit Results Report (ARR), which were identified and noted by management for correction, the external auditor noted that none of those adjustments have an impact on the level of funding available for police services, as they are technical accounting adjustments only.

There was one control deficiency and recommendation identified in respect of the external audit for 2023/24, as summarised below:

- The external auditor noted that there is no reconciliation of equipment listings used for asset management purposes to the fixed asset register that supports the financial statements. As a result, substantial effort was required from both management and the audit team to obtain assurance that the value of assets disclosed in the financial statements could be supported by the underlying records held.

The Auditor's Annual Report (AAR) along with a Value for Money (VFM) assessment was reported at the June 2025 meeting. There were no significant weaknesses identified in the arrangements in place to secure economy, efficiency and effectiveness in the use of resources.

6. Internal Audit

Gateshead Council continue to provide Independent Internal Audit services under the terms of a service level agreement with both the PCC and the CC.

The Annual Internal Audit Plan is determined after an assessment of the risks associated with the various activities of the PCC and CC. The Committee agrees the audit plan supporting the risk management process, for this year this included the addition of audits for vetting and pensions remedy, in response to specific areas of focus. This ensures that internal audit activity supports and provides appropriate assurance to the PCC and CC, as well as the external auditor Ernst & Young LLP (EY).

During the year the Committee has monitored progress against the Annual Internal Audit Plan receiving summaries of all completed internal audit reports setting out the findings, recommendations and updates on actions taken by management where necessary.

The Committee has challenged findings where appropriate.

As part of the annual governance review, the findings and opinion of the Internal Audit manager are taken into account. The Internal Audit Plan 2024/25 shows to date:

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29	26	0	26	24	2	0

* The remaining reports will be reported at the September 2025 meeting of the JIAC.

The Committee noted that:

- There were no in-year investigations.
- The Committee was satisfied with the findings and opinions within the reports.

The Committee is appreciative of the efforts of Robert Bowmaker and his colleagues in Internal Audit for their efforts in fulfilling their role throughout 2024/25.

The Committee has asked for the provision of Internal Audit services to be reviewed, and the market tested in order to receive assurance of the continuation of an appropriate internal audit service meeting future need. This will be undertaken by the Force in 2025/26 via a tender process for internal audit services, with the contract award to commence 1 April 2026.

7. Corporate Governance

In reviewing the draft Annual Governance Statements, which accompany the Financial Statements the Committee, takes into consideration the following:

AGENDA ITEM 09.

- **Senior Managers' Assurance Statements** - Report of the Internal Audit Manager.
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- **JIAC Regulatory Framework Assurance** – Report of the Joint Chief Finance Officer
- **Other Thematic areas, including:** Partnership Arrangements; Business Planning; Wellbeing; ICT; and Fraud, Corruption and Money Laundering - Reports of the Chief of Staff and Joint Chief Finance Officer.

Recommendations for additions in the draft statements are made, to enable the Committee to recommend adoption. The draft and final AGS's for 2023/24 were agreed at the Committee during the 2024/25 financial year.

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9. JIAC Self-Assessment

A self-assessment of the Committee's competencies was carried out in May 2025 as part of the review of the activities of the Committee by Internal Audit, during the review of annual assurance, the following were highlighted:

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- Where additional knowledge is required, both the PCC and CC representatives are able and willing to provide the necessary briefing/training.
- Support for the work of the Committee comes from the Joint Chief Finance Officer and his Team, Chief of Staff to the PCC, and the Deputy Chief Constable, which has greatly assisted the Committee in its work.

10. JIAC Terms of Reference, Membership and Development

During the year a review of the Terms of Reference (ToR) for the Committee was undertaken. Minor changes have been proposed to the ToR, these are on the agenda for the June 2025 meeting and are detailed below:

- In the last review of the ToR in November 2023, due to difficulty in recruiting members with necessary experience, the ToR were amended to allow appointment for an initial four-year term with the option of a second- and third-year term, each term being four years. Following a targeted recruitment campaign and the appointment of new members, it is proposed that the ToR are amended to revert to an initial four-year term with the option of a second appointment for a further four years, eight in total.
- The ToR currently allow for five members, it is proposed to ensure resilience and knowledge by increasing the JIAC membership level to six members.
- The ToR currently state that 'the committee will appoint a Chair and Vice Chair from amongst its members' but does not state a term of office. It is recommended that we add that the Chair and Vice Chair are appointed annually amongst its members at the first meeting of the financial year.

It is felt that these proposals will allow for the skills and knowledge of members to be retained and provide continuity and stability to the committee assurance processes.

The Committee is committed to developing its skills and knowledge and constantly reviews its composition and need for additional information, briefing or training. Suitable induction training will be provided to new members of the committee and for specific topics as appropriate.

11. Recommendation

AGENDA ITEM 09.

The Committee is recommended to consider, comment on, and note the above report and agree it as an appropriate summary of the activities of the Committee for financial year 2024/25. The report will be amended to include any changes arising from the meeting of the Committee on 25 June 2025.

Carrie Young
Chair of Joint Independent Audit Committee

JOINT INDEPENDENT AUDIT COMMITTEE	25 JUNE 2024
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10. JIAC Terms of Reference, Membership and Development

During the year a review of the Terms of Reference (ToR) for the Committee was undertaken. Minor changes have been proposed to the ToR, these are on the agenda for the June 2025 meeting and are detailed below:

- In the last review of the ToR in November 2023, due to difficulty in recruiting members with necessary experience, the ToR were amended to allow appointment for an initial four-year term with the option of a second- and third-year term, each term being four years. Following a targeted recruitment campaign and the appointment of new members, it is proposed that the ToR are amended to revert to an initial four-year term with the option of a second appointment for a further four years, eight in total.
- The ToR currently allow for five members, it is proposed to ensure resilience and knowledge by increasing the JIAC membership level to six members.
- The ToR currently state that 'the committee will appoint a Chair and Vice Chair from amongst its members' but does not state a term of office. It is recommended that we add that the Chair and Vice Chair are appointed annually amongst its members at the first meeting of the financial year.

It is felt that these proposals will allow for the skills and knowledge of members to be retained and provide continuity and stability to the committee assurance processes.

The Committee is committed to developing its skills and knowledge and constantly reviews its composition and need for additional information, briefing or training. Suitable induction training will be provided to new members of the committee and for specific topics as appropriate.

11. Recommendation

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The Committee is recommended to consider, comment on, and note the above report and agree it as an appropriate summary of the activities of the Committee for financial year 2024/25. The report will be amended to include any changes arising from the meeting of the Committee on 25 June 2025.

Carrie Young
Chair of Joint Independent Audit Committee

Joint Independent Audit Committee	25 June 2025
Joint Strategic Risk Register	
Report of: Ruth Durham, Chief of Staff and Monitoring Officer and Jayne Meir, Deputy Chief Constable	
Author: Paul Godden, Head of Corporate Development	

I. PURPOSE

- 1.1 To present the Joint Strategic Risk Register (JSRR).

2. BACKGROUND

- 2.1 Northumbria Police and the Office of the Police and Crime Commissioner (OPCC) 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 Leadership 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.
- 2.4 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.
- 2.5 The JSRR is reported to the Joint Business Meeting between the PCC and the Chief Constable on a quarterly basis. This presents the Force Strategic Risk Register (FSRR) alongside the OPCC Strategic Risk Register. The Joint PCC/Chief Constable Governance Group and Joint Independent Audit Committee (JIAC) provide additional scrutiny and governance on a quarterly basis.
- 2.6 The FSRR captures risk(s) in thirteen thematic areas: Digital Policing; Finance; Governance; Information and Data Management; Information and Data Quality; Infrastructure and Assets; Operational; Partnership and Collaboration; Projects/Programmes; Public Confidence; Regulation and Standards; Strategy; and Workforce.
- 2.7 Appendix A provides an overview of the current Red, Amber, Green (RAG) status of the strategic risks for Northumbria Police, alongside the FSRR. (Thematic risk areas are recorded alphabetically and alphabetised for ease of reference only.)

Key changes to the Force Strategic Risk Register

Strategic Risk Area: 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.

- 2.8 Following a review of major incident readiness, risks to delivery have been identified regarding capability and kit and equipment, which are now reflected in current factors for this strategic risk area.
- 2.9 A new Major Incident and Business Continuity Board will ensure appropriate oversight and governance, which includes capacity, capability and readiness, with appropriate reporting and escalation through the Force governance framework.
- 2.10 The likelihood of the risk occurring has been reassessed to medium (3) from low (2) increasing the overall risk rating from Medium to High.

Strategic Risk Area: Workforce - Standards, conduct and behaviours of the workforce are not in-line with Northumbria Police values and the Code of Ethics. Inability to maintain an effective workforce profile through a reduction in attraction, recruitment and retention.

- 2.11 Vetting delays within recruitment have been addressed and are in-line with hiring pace; however, delays remain with pre-employment checks and are attributed to medical assessment.
- 2.12 There has been significant improvement in recruitment to select specialist and technical roles in Digital Policing.
- 2.13 The overall assessment of the thematic risk has been considered and it is determined there is no change.
- 2.14 An assessment of risk following the recent Supreme Court judgment that the terms 'man', 'woman' and 'sex' in the Equality Act 2010 refer to biological sex is currently being undertaken.
- 2.15 There has been one change to the assessment of thematic risk during the last reporting period in relation to the Operational risk, as above.

Thematic Risk Area	Likelihood	Impact	RAG
Digital Policing	Medium (3)	High (4)	High (12)
Finance	High (4)	High (4)	High (16)
Governance	Very Low (1)	Low (2)	Low (2)
Information & Data Management	Medium (3)	High (4)	High (12)
Information and Data Quality	Low (2)	High (4)	Medium (8)
Infrastructure and Assets	Low (2)	Medium (3)	Medium (6)
Operational	Medium (3)	High (4)	High (12)

Partnership and Collaboration	Low (2)	High (4)	Medium (8)
Projects/Programmes	Low (2)	High (4)	Medium (8)
Public Confidence	Low (2)	High (4)	Medium (8)
Regulation and Standards	Medium (3)	Medium (3)	Medium (9)
Strategy	Low (2)	High (4)	Medium (8)
Workforce	Medium (3)	High (4)	High (12)

Key changes to the OPCC Strategic Risk Register

- 2.16 Appendix B details the latest OPCC Strategic Risk Register.

Strategic Risk Area: Finance (OPCC) - 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.

- 2.17 Updates have been made to the current factors to reflect understanding around specific grants and one year funding settlements, and the Comprehensive Spending Review (CSR) expected in June 2025.

Strategic Risk Area: Public Confidence (OPCC) - 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.

- 2.18 Updates have been made to reflect the context that the Police and Crime Plan has now been formally launched and the current factors have been updated highlighting the work needed to understand the impact of the recent Supreme Court Ruling on the legal definition of women.

- 2.19 There have been no changes to the assessment of risk during the last reporting period.

Thematic Risk Area	Likelihood	Impact	RAG
Finance	High (4)	High (4)	High (16)
Governance	Very Low (1)	Low (2)	Low (2)
Partnership and Collaboration	Low (2)	High (4)	Medium (8)
Public Confidence	Low (2)	High (4)	Medium (8)

3. CONSIDERATIONS

Government Security Classification	Official
Freedom of Information	Non-Exempt
Consultation	Yes
Resources	No
<i>There are no additional financial considerations arising from this report.</i>	
Code of Ethics	No
<i>There are no ethical implications arising from the content of this report.</i>	

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Equality	No
<i>There are no equality implications arising from the content of this report.</i>	
Legal	No
<i>There are no legal considerations arising from the content of this report.</i>	
Risk	No
<i>There are no additional risk management implications directly arising from this report.</i>	
Communication	No
Evaluation	No

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

LIKELIHOOD	Very High (5)				
	High (4)			B - Finance	
	Medium (3)		K - Regulation & Standards	A - Digital Policing D - Information & Data Management G - Operational M - Workforce	
	Low (2)		F - Infrastructure and Assets	E - Information & Data Quality H - Partnership & Collaboration I - Projects/ Programmes J - Public Confidence L - Strategy	
	Very Low (1)	C - Governance			
	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)

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.

Risk Appetite Keys:

Position:

Current: the risk level at which the Force is currently operating. This level is tolerated by default, as cessation of activity is not an option. Risks are subject to management to drive activity into tolerance or appetite.

Tolerable: 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: the level of risk with which the Force aims to operate. This is informed by the Force's purpose, vision and strategic objectives.

Level:

Averse (Low): Avoidance of risk and uncertainty is a key objective.

Minimalist (Medium Low): Preference for ultra-safe options that have a low degree of inherent risk and only have a potential for limited reward.

Cautious (Medium): Preference for safe options that have a low degree of residual risk and may only have limited potential for reward.

Open (Medium High): 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.

Hungry (High): Eager to be innovative and to choose options based on potential higher rewards (despite greater inherent risk).

A	Strategic Risk Area – Digital Policing		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	Risk – Inability of the Force to respond effectively to service demand due to loss or failure of mission and business critical technology solutions.		
Owner(s)	Deputy Chief Constable		
Governance & Oversight	Digital Policing Portfolio Governance Board		
Context	<ul style="list-style-type: none"> ▪ Limitations of current digital policing systems and the impact on service delivery. ▪ Loss of critical digital policing services. ▪ Significant information technology (IT) projects and programmes. ▪ Lack of skills and/or capacity to fulfil business as usual and change activities in parallel. ▪ A malicious intent to compromise or access information or data. ▪ Failure of national projects to deliver on time and to specification. ▪ Compromise of security perimeter devices leading to a compromise of the Force core network and a breach of confidentiality and integrity of Force data, and subsequent impact to national systems. 		
Current factors	<ul style="list-style-type: none"> ▪ Legacy technology estate carrying a low level of documentation, coupled with loss of knowledge and introduction of new staff. ▪ Some technologies are no longer covered under a commercial contract for support & maintenance. ▪ Some technologies are no longer supported by the vendor resulting in a lack of security patching and feature upgrades. ▪ Lack of standardisation across the technology estate. ▪ Unclear business ownership aligned to technologies to effect business representation against contract renewals and license allocation. ▪ Disparate applications with unclear alignment to Force capabilities. ▪ No formally agreed Service Level Agreements (SLAs) with the business in relation to technology availability and recovery. ▪ An organically grown network which is lacking consistency and standardisation. ▪ A significant weakness was highlighted during the internal audit in May 24. This relates to the visibility and reporting of the network security posture, and more specifically the patch status of network devices. 		
Potential consequence	<ul style="list-style-type: none"> ▪ Ineffective IT system to support business processes. ▪ Inability to effectively communicate with partners and the public. ▪ Loss of information from systems as a result of a cyber-attack. ▪ Removal from the Public Service Network (PSN/p) may be considered if the Force network is found to have been compromised. ▪ Loss of confidence in systems and the organisation from users, the public and partner organisations. ▪ Loss of people data due to out of service life and unsupported core people systems internally and externally. 		

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	<ul style="list-style-type: none"> ▪ Confidentiality and integrity risk to Force data and systems and potentially national policing data and systems. ▪ The ability to carry out impact assessments based on new vulnerabilities is manual, and therefore may result in devices missing critical and non-critical updates within a suitable timeframe.
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Summary of Controls	<ul style="list-style-type: none"> ▪ Digital Policing Board Key Performance Indicator (KPI) to track and maintain oversight of both National Management Centre (NMC) alerts and patching. ▪ New major IT organisational restructure approved with 96% of vacancies filled increasing leadership, capability and capacity. ▪ Hardware upgrade and investment in existing NPICCS solution to ensure support and maintenance is maintained. ▪ New NPICCS hardware procured and installed across two sites, migration concluded at the end of summer 2024. ▪ 18-month implementation plan requiring significant IT commitment/resource in-place to implement the Records Management System replacement for NPICCS by February 2026. ▪ Audit regime to test internal switches and disablement when required. ▪ Wide Area Network (WAN) Transition from Capita to MLL as WAN suppliers completed November 2024. Migration from BT Broadband at Neighbourhood Policing Team locations to MLL WAN is continuing, expected completion end of February 2025. ▪ Tender being shaped to redesign and deliver a transformed Local Area Network (LAN). ▪ Disaster recovery controls in formation to deliver appropriate management of core system recovery and associated business continuity plans. ▪ Effective Cyber Incident Response Plan (CIRP) agreed, understood and in place. ▪ Patching policy in place. Network Team at full establishment will ensure daily checks and patching regime on network and infrastructure devices is maintained and reported. ▪ Centralised hardware security monitoring now fully operable via the NMC provided by the National Enabling Programme. ▪ Increased the number of devices being monitored (Meraki devices) by the central monitoring by NMC. ▪ Close direct relationships with Cyber support and oversight provided by the National Cyber Security Centre (NCSC). ▪ Greater security enhancement via enhanced Firewalls, access controls and further investment in new F5 technology. ▪ Annual and ad-hoc penetration testing regime embedded. ▪ Existing Cobol resources extended to the end of 2026. ▪ Implementation of Smart Contact Command and Control solutions removing the threat of loss of 999 and 101 calls due to loss of NPICCS. ▪ Increase in the frequency and types of backups of the people data and full system backups to minimise any loss.
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	<ul style="list-style-type: none"> ▪ Periodic restores and read tests in place to ensure backup is viable. ▪ Work towards a full network topology being supplied to the NMC to allow a complete understanding of the potential routes an Advance Persistent Threat (APT) may take across the Force network and further enhanced monitoring. ▪ A wider assessment of security controls in place, which will include consideration of Administrative Username and Password used across the Force network. ▪ Discovery and modelling of the entire technology estate has commenced. This will provide full documentation and understanding of linked assets, and the ability to carry out effective assessment to drive improvements. ▪ Digital Roadmap in development to provide visibility and gain buy-in from key stakeholders against all change activities required. 	
Likelihood	3	
Impact	4	12

B	Strategic Risk Area – Finance		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Cautious
	Risk – Reduction in funding and/or funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery.		
Owner(s)	Chief Constable and Head of Finance (CFO)		
Governance & Oversight	Executive Board / Business Meeting		
Context	<ul style="list-style-type: none"> ▪ 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. ▪ Reduction in central government funding as announced in the annual Home Office (HO) Police Funding Settlement. ▪ 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. ▪ Continued global cost pressures and cost of living increases are not funded with the grant settlement, leading to the necessity for efficiencies. ▪ 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. ▪ 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. 		
Current factors	<ul style="list-style-type: none"> ▪ Following the change in Government during 2024, a one year settlement has been announced for 2025/26 with a proposal to consider a 3-year settlement for policing during the Spring of 2025. ▪ The draft funding settlement for 2025/26 is below the level of assumptions within the assumed budget for 2025/26. ▪ Terms of funding for the Prime Minister's pledge for a national 13,000 increase in resources to Neighbourhoods are yet to be clarified in order to incorporate into budget and resourcing plans. ▪ There is still an expectation that the review of the Police Allocation Formula (PAF) will be delivered under the new Government however, timescales are yet to be clarified. ▪ In force financial implications of pension remedy, which are currently being progressed based on national guidance. ▪ Inflationary rises and supply chain issues are creating significant cost pressures in current and future budget predictions, without any increases in funding. 		
Potential consequence	<ul style="list-style-type: none"> ▪ 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 		

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	<p>unplanned efficiencies and savings thereby impacting on service delivery.</p> <ul style="list-style-type: none"> 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. 	
Summary of Controls	<ul style="list-style-type: none"> Transparent ownership of financial matters between the PCC and Chief Constable. Well understood in-year financial monitoring and reporting governance. An effective Reserves Strategy to provide mitigation against known and potential future events (Inflationary Risk, Pay Inflation, Emergency Services Network, Operational Systems Reserves etc.), plus reserves providing financing to planned future investments. Full consultation, engagement and lobbying alongside and independently with the Police and Crime Commissioners Treasurers' Society, NPCC Treasurers' group and the HO alongside regional public sector partners including the Mayoral Office, to influence funding for Policing and the North East. Effective force wide Business Planning cycle, Revenue and Capital budget setting processes, Efficiency plans and monitoring. An effective Workforce Plan, Governance Arrangements and Force Operating Model (FOM) to manage pay related spend. 	
Likelihood Impact	4 4	16

C	Strategic Risk Area – Governance		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	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.		
Owner(s)	Deputy Chief Constable		
Governance & Oversight	Executive Board		
Context	<ul style="list-style-type: none"> Chief Constable is unable to account to the PCC for the exercise of their functions and those under their direction and control. There is a breakdown in relationship between the Force and Office of the Police and Crime Commissioner (OPCC). 		
Current factors	<ul style="list-style-type: none"> PCC due to consult upon Policing and Crime Plan Response to external inspection and investigation activity by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). Challenging Force change projects and programmes. 		
Potential consequence	<ul style="list-style-type: none"> Inability to identify and respond to deteriorating performance resulting in policing priorities not being achieved. A decline in quality and service delivery, leading to a reduction in satisfaction levels. Inability to work effectively in partnership to provide services to victims and witnesses. Slippage/failure of projects, which hamper the achievement of objectives. Adverse external inspection reports, leading to recommendations and wider escalation. Loss of public confidence. 		
Summary of Controls	<ul style="list-style-type: none"> New Force Strategy, underpinned by thematic strategies and delivery plans. 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. A Joint Independent Audit Committee to provide advice to the PCC and Chief Constable on the principles of corporate governance. Internal Audit of Governance by Gateshead Council. Adherence to CIPFA good governance 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. 		
Likelihood Impact	1 2	2	

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

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	<ul style="list-style-type: none"> ▪ IMD and Digital Policing collaborating effectively to formally identify, document and mitigate risk through the implementation of innovative and measurable solutions via implementation of automated processes, utilising available functionality within the 365 capability. ▪ Targeted and relevant audit and organisational learning process to identify inappropriate handling and management of information. ▪ Oversight and management through the Governance and Decision-making structure. ▪ Implementation of formal Information Asset Registers, training, awareness and ongoing monitoring and support for IAOs and Information Asset Leads. ▪ Enhanced legislative, policy/procedure compliance via review, retention and deletion (RRD) implementation around stored data, which radicalises volumes and controls access. ▪ 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. ▪ Planned assurance schedule relating to critical systems and services. ▪ Bi-monthly meeting with Senior Information Risk Owner to formally assess and govern risk. ▪ Force OpSy role identified and placed into IMD to improve operational security. 	
Likelihood	3	12
Impact	4	

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E	Strategic Risk Area – Information and Data Quality		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Minimalist
	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.		
Owner(s)	Assistant Chief Constable (Force Coordination)		
Governance & Oversight	Force Assurance Board		
Context	<ul style="list-style-type: none"> ▪ 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. ▪ The replacement of Force legacy systems presenting competing data collection processes. ▪ The ability to assign accountability/ownership of data assets to ensure data is collected, stored and used appropriately. ▪ 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. ▪ 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. 		
Current factors	<ul style="list-style-type: none"> ▪ Legacy data and systems. ▪ Vetting our workforce at the appropriate levels defined by role requirements. ▪ Managing the use of personal devices for official tasks. ▪ Limiting staff and visitor access to information, assets and estate. 		
Potential consequence	<ul style="list-style-type: none"> ▪ Inaccessible/inaccurate intelligence. ▪ 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. ▪ Reduction in force performance and delivery through poor and non-reflective data quality. ▪ Inaccurate data returns to the HO and other bodies e.g. HMICFRS. ▪ 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. 		

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Summary of Controls	<ul style="list-style-type: none"> ▪ Investment in IT to support ongoing Digital Policing (DP) programme which integrates data management processes and wider compliance obligations. ▪ Migration plans as part of IT projects and programmes to ensure data quality, accuracy and compliance with GDPR. ▪ Implementation of Data Quality reviews and Audits to support ongoing improvements relating to handling methods, accuracy, review and retention. ▪ Quality Standards Delivery Team. ▪ Use of the Qlik Sense Business Intelligence tool to identify compliance and data quality issues. ▪ Engagement with the HO/National Police Chiefs' Council National Data Quality Improvement Service (NDQIS). ▪ Implementation of holistic Information Asset Registers with accountable Owners and Leads. ▪ 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. ▪ Implementation of formal Information Asset Registers, training, awareness and ongoing monitoring and support for IAOs and Information Asset Leads. ▪ Enhanced legislative, policy/procedure compliance via review, retention and deletion (RRD) implementation re stored data which radicalises volumes and controls access. ▪ Enhanced external audit regime implemented that reflects the complexity and breadth of information management obligations and compliance regimes. ▪ 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. ▪ Compliance with Vetting Code of Practice to ensure consistent and high standards of police vetting. ▪ Regular review of the Designated Post List against known role descriptions. ▪ Self-service updates to allow efficient and timely changes to data. ▪ Information Management training mandated for all staff and officers with key performance indicators reported as a standing agenda item. ▪ Dedicated communication and awareness plan for all staff and officers which targets key risks and impacts in a timely and effective manner. 	
Likelihood	2	8
Impact	4	

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F	Strategic Risk Area – Infrastructure and Assets		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	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.		
Owner(s)	Assistant Chief Officer Corporate Services		
Governance & Oversight	Strategic Resourcing Board		
Context	<ul style="list-style-type: none"> ▪ Failure to appropriately maintain assets may result in critical failure. ▪ Failure to comply with building regulations and legislation regarding the safety of our estate. ▪ Force must meet future sustainability and carbon reduction targets. ▪ Failure to ensure officers and staff have the right assets and equipment available to perform their role. ▪ Failure to prevent unauthorised access to force buildings. ▪ Failure to provide the appropriate training estate to enable maintenance of operational training profiles and to meet CoP licensing requirements 		
Current factors	<ul style="list-style-type: none"> ▪ Programme of works aligned to future FOM needs to be established to meet operation, sustainability and carbon reduction requirements. ▪ Implementation of an Agile Working policy. ▪ Delays and increased costs of Estates programme as a result of supply chain issues and inflationary pressures. ▪ Ongoing delays in new supply of vehicles/availability of fleet as a result of global supply chain issues. ▪ Physical security of buildings and methods of access. ▪ Non police owned operational training estate with reliance on other parties to support our delivery. ▪ Storage capacity for evidential property. 		
Potential consequence	<ul style="list-style-type: none"> ▪ Injury to users of assets, detainees or the public. ▪ Reduced availability of assets impacts on services across some or all business areas. ▪ Litigation and civil claims. ▪ Negative impact on the workforce and on public confidence. ▪ Not achieving sustainability and carbon reduction targets. ▪ Unauthorised access to force buildings and assets. ▪ Loss of CoP license to deliver operational training impacting on capability and deployability of workforce. ▪ Property is stored in various locations without formal recording or RRD (Retention, Review, Deletion) processes in place. Potential for non-compliance with regulations and a potential negative impact on investigations and subsequent loss of public confidence. Volumes retained also impacts on cost to transition from NPICCS to NICHE. 		

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Summary of Controls	<ul style="list-style-type: none"> ▪ 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 ▪ Full review of methods of access to buildings undertaken, specification and project underway to replace current key access with electronic access control system for all force buildings. ▪ To mitigate specific risk at North Shields, a bespoke access control system has been installed. ▪ There has been a programme of communications issued to all staff in relation to building security. Including the wearing of identification and challenging where appropriate individuals seeking to access force buildings. ▪ Additional penetration testing to test building security measures has been put in place. ▪ Implement agreed Estates Strategy, rationalising where appropriate and re-profiling building refurbishment programme to align with future operating model and operating procedures. ▪ Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business. ▪ Business Continuity Plans, Estate Strategies and policies and procedures in place. ▪ Regular inspection, testing and maintenance programmes in place in respect of water hygiene, electricity and gas safety. ▪ Statutory maintenance audit sampling a number of force buildings to be undertaken, providing assurance around statutory compliance and potentially to identify any gaps in maintenance coverage. ▪ Fire risk assessments in place. ▪ Asbestos management plan in place. ▪ Health and Safety management embedded at tactical and strategic level. ▪ Fleet Strategy implemented in-line with carbon reduction targets. ▪ Fleet User Group to revise fleet use and force profile, including development of sustainable fleet measures. ▪ Vehicle maintenance, transportation and installation partners are vetted to ensure security and continuity of service. ▪ Internal fuel stock maintained. ▪ Asset management software and/or recording system in place. ▪ Telematics installed in all cars providing management oversight with timely maintenance and usage data. ▪ Operational equipment requirements are managed via the Force Safety Group and reported to the Culture and Leadership Board. ▪ Estates Strategy significant investment projects and Estates Capital Programme progress are overseen by the Estates Programme Board. ▪ Ongoing negotiations to secure operational training bases with Northumberland and Tyne and Wear Fire services which will be compliant with CoP license requirements and in support of Etal Lane as Northumbria Police owned estate. Longer term agreement to secure operational training base. ▪ DMAT (Data Management Assessment Team) assisting with property management. ACC (Communities) has a sub-group working towards improving the property system.
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Likelihood	2	6
Impact	3	

G	Strategic Risk Area – Operational		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Cautious
	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.		
Owner(s)	Assistant Chief Constable (Force Coordination)		
Governance & Oversight	Force Assurance Board		
Context	<ul style="list-style-type: none"> ▪ A specific focus on Joint Emergency Services Interoperability Programme (JESIP) principles and preparedness planning through the Local Resilience Forum (LRF) to manage Major Incidents. ▪ The national strategic threat and risk assessment in specialist areas of Public Order Public Safety (POPS), Firearms and Motor Patrols has led to the identification of shifting threats from extremist groups and associated learning from public inquiries. ▪ A recognition of the Force's ability to effectively deal with Societal Risks; Diseases; Natural Hazards; Major Accidents; Malicious Attacks increased protest activity and to protect the public and comply with statutory requirements in these circumstances. 		
Current factors	<ul style="list-style-type: none"> ▪ Current review of the CCA (Civil Contingencies Act). ▪ Proposed wider remit of LRFs and stronger LRF pilot within the Northumbria region. ▪ Statutory guidance for JESIP and increased training requirements. ▪ Implementation of a new FOM has created an imbalance of skills across geographical locations and shifts. ▪ Work Force Plan. ▪ Significant Events (e.g. derby match and increase in protests). ▪ Manchester Arena recommendations impacting broader testing & exercising. ▪ Maintenance of officers' Public and Personal Safety training (PPST). ▪ Increased Mutual Aid requests. ▪ Availability, servicing, storage and procurement of kit and equipment. 		
Potential consequence	<ul style="list-style-type: none"> ▪ Inability to meet core policing requirements. ▪ Inability to respond effectively to Major Incidents. ▪ Reduced staffing and service provision. ▪ Inability to deliver services across some or all business areas. ▪ Inability to project accurate resourcing to meet future demand. ▪ Ability to meet mobilisation commitment. ▪ Negative impact on public confidence. ▪ Ineffective business continuity. 		

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Summary of Controls	<ul style="list-style-type: none"> ▪ A new Major Incident and Business Continuity Board to ensure appropriate oversight and governance, which includes capacity, capability and readiness, with appropriate reporting and escalation through the Force governance framework. ▪ Robust business continuity plans in place across all area commands and departments with regular testing ▪ Concept of Operations developed in line with the States of Policing Matrix to support resourcing decisions maintain critical functionality for the force. ▪ 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. ▪ Ability to implement agile ways of working and create secure estate environments. ▪ Investment in operational training estate. ▪ Northumbria Police are an invested partner in the LRF and work closely with the partnership on preparedness for civil emergencies and the testing and excising of the multi-agency response. ▪ Northumbria police will lead on recruitment of stronger LRF resources and will host the roles once recruited. ▪ Strategic and tactical JESIP delivery groups. ▪ Internal and multi-agency Governance structure to deliver on Manchester Arena Inquiry recommendations. ▪ Ongoing review of shift patterns include consideration of ability to facilitate mobilisation of specialist staff, particularly in respect of TL2 assets. ▪ Force Coordination Centre and twice daily pace setter meetings to align demand and resources. ▪ Working Group established to manage Public Order resources to fulfil operational requirements. 	
Likelihood	3	12
Impact	4	

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

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	<p>services with clear benefits tracking via the Strategic Resourcing Board</p> <ul style="list-style-type: none"> ▪ Improving understanding of demand and external influences of demand enabling effective management of response. ▪ Business continuity plans between relevant partners. ▪ Access to local and/or national support programmes. ▪ Ongoing management of commercial contracts. ▪ Ability to introduce and maintain joint Criminal Justice Impact and Recovery working exercises when required, utilising resources across disciplines to meet demand. 	
Likelihood Impact	2 4	8

I	Strategic Risk Area – Projects/Programmes		
	Risk Appetite	Current/Tolerable	Optimal
		Open	Hungry
	Risk – Change programmes and projects are not aligned with strategic priorities or do not successfully deliver requirements and intended benefits to time, cost and quality.		
Owner(s)	Deputy Chief Constable		
Governance & Oversight	Force Change Board		
Context	<ul style="list-style-type: none"> Significant change programme underway to deliver benefits for both the public and our people requiring investment in new technology, systems, kit and people. 		
Current factors	<ul style="list-style-type: none"> Increased demand as the force implements Force change projects and programmes. Lack of skills and/or capacity to fulfil change activities in parallel with business as usual. Cultural change required to successfully deliver new operating models/ platforms. Limited ability to deliver, or delays in the delivery of, Force change projects and programmes due to insufficient specialist and/or technical skills. Increased demand on information and data management due to interdependencies within the Digital Policing Change Programme and new ways of working. Flexibility to effectively move resources as a result of structural changes 		
Potential consequence	<ul style="list-style-type: none"> Failure to achieve the business benefits from Force change projects and programmes impacting on performance and delivery of the Force Strategy. 		
Summary of Controls	<ul style="list-style-type: none"> New salary model, bespoke support and significant investment has been made to increase pay competitiveness across technical roles, securing critical technical skills and supporting Force change projects and programmes. A focussed Capacity and Capability Meeting is in place to monitor, coordinate and agree operational resourcing solutions at tactical level. This provides a platform for early consultation on change to operating models and early understanding of capacity and capability impact. Impact assessments completed where appropriate as key project activity to determine significant impacts such as changes to structure. Digital Roadmap in development to increase engagement with key stakeholders for all change activities required. Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business. 		

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	<ul style="list-style-type: none"> ▪ Strategic Design Authority and Force Change Board to ensure appropriate oversight and governance of change projects and programmes with clear benefits tracking. ▪ Project Approval Group for review of business cases and requirements for potential new digital solutions. ▪ Planned evaluation. 	
Likelihood	2	8
Impact	4	

J	Strategic Risk Area – Public Confidence		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	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.		
Owner(s)	Deputy Chief Constable		
Governance & Oversight	Trust and Confidence Board		
Context	<ul style="list-style-type: none"> ▪ Force or an associated individual acts in an inappropriate, discriminatory way or demonstrates corrupt behaviour. ▪ Death or serious injury following police contact or other adverse or critical incident, as a result of police action or omission. ▪ Misuse or deliberate disclosure of sensitive data or information. ▪ Public perceptions of police ineffectiveness in relation to offences disproportionately impacting on specific communities or those with protected characteristics. ▪ Reduced legitimacy due to poor engagement. ▪ Publication of recent reports, including Dame Louise Casey review of Metropolitan Police, Operation Hotten and the findings following the murder of Sarah Everard and the Angiolini Inquiry. 		
Current factors	<ul style="list-style-type: none"> ▪ Abuse of authority for financial or sexual purpose, fraud or theft. ▪ Awareness of risk within workforce (Abuse of Authority for a Sexual Purpose (AA4SP), misogyny, discrimination) and increase in associated misconduct cases. ▪ Current operating context and legitimacy in use of police powers. ▪ Disproportionality in use of powers. ▪ Identification and response to organisational learning opportunities. ▪ 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. ▪ Reduced levels of public confidence. ▪ Misinformation and disinformation spread through media networks. 		
Potential consequence	<ul style="list-style-type: none"> ▪ Abuse of authority for financial or sexual purpose, fraud or theft. ▪ Increased civil unrest. ▪ Perception of disparity damaging confidence of minority groups. ▪ Litigation, legal action against the Force. ▪ Reduced public confidence. 		

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

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K	Strategic Risk Area – Regulation & Standards		
	Risk Appetite	Current/Tolerable	Optimal
		Minimalist	Cautious
	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.		
Owner(s)	Deputy Chief Constable		
Governance & Oversight	Force Assurance Board		
Context	<ul style="list-style-type: none"> ▪ Litigation, legal action and/or prosecution of the Force and/or individuals by former officers or staff members. ▪ Failure to comply with regulatory frameworks. 		
Current factors	<ul style="list-style-type: none"> ▪ Increased scrutiny and challenge on police powers and super complaints. ▪ Significant events impacting on public confidence over last 12 months. ▪ Change in legislation in relation to protest may result in legal challenge. ▪ Increase awareness and reporting of AA4SP could result in legal action against force for failure to prevent. 		
Potential consequence	<ul style="list-style-type: none"> ▪ Litigation, legal action and/or prosecution of the Force and/or individual staff. ▪ Associated costs of dealing with litigation. ▪ Negative impact on the workforce and public confidence. ▪ Failure to comply with relevant Health and Safety regulations. 		
Summary of Controls	<ul style="list-style-type: none"> ▪ Central review of all civil claims, with adverse trends and lessons learnt reported and learning shared through Force Assurance Board. ▪ Recognised accreditation in relevant areas of business. ▪ Health and Safety Management System and provision of health and safety advice. ▪ Investigations and review of health and safety incidents, with lessons learnt reported. ▪ Force policy on mandatory use of Body Worn Video at key incidents/events. ▪ External Scrutiny including panel for use of police powers (Use of Force/Stop & Search) and substantive Independent Scrutiny and Oversight Board. ▪ Force approach to identify and reduce AA4SP. 		
Likelihood	3	9	
Impact	3		

L	Strategic Risk Area – Strategy		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	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 or a changing macro-environment.		
Owner(s)	Chief Constable		
Governance & Oversight	Executive Board		
Context	<ul style="list-style-type: none"> ▪ Failure to deliver the Force Strategic Priorities. ▪ Failure to deliver against objectives set out in the Police and Crime Plan. ▪ Failure to achieve the business benefits from Force change projects and programmes. ▪ Compliance and standards not meeting acceptable levels impacting on victim services and public confidence. ▪ Failure to meet areas for improvement highlighted by external bodies. 		
Current factors	<ul style="list-style-type: none"> ▪ Increased demand as the force implements Force change projects and programmes. ▪ Implementation of operating model able to support future demand. ▪ North East devolution deal between the government and the local authorities. 		
Potential consequence	<ul style="list-style-type: none"> ▪ Deteriorating performance resulting in policing priorities not being achieved. ▪ A decline in quality and service delivery, leading to a reduction in satisfaction and confidence. ▪ Adverse external inspection reports, leading to recommendations and wider escalation. ▪ Slippage/failure of projects, which hamper the achievement of objectives. 		
Summary of Controls	<ul style="list-style-type: none"> ▪ FOM reviewed and implementation of new model. ▪ New Force Strategy underpinned by thematic strategies and delivery plans. ▪ Annual preparation of Force Management Statement. ▪ Business planning cycle and delivery of local business plans. ▪ Force wide Performance Management Framework. ▪ Oversight and management of performance using the Governance and Decision-making structure. ▪ Effective relationships and communication with partners locally enabling response to national issues (e.g. LCJB). ▪ Development and implementation of financial and efficiency planning focused on delivery of Force strategic priorities. ▪ Realisation of benefits linked to delivery of Force change projects and programmes. 		

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	▪ Accelerated Investigation Improvement Plan.	
Likelihood	2	8
Impact	4	

M	Strategic Risk Area – Workforce		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	Risk – Standards, conduct and behaviours of the workforce are not in-line with Northumbria Police values and the Code of Ethics. Inability to maintain an effective workforce profile through a reduction in attraction, recruitment and retention.		
Owner(s)	Assistant Chief Officer Corporate Services		
Governance & Oversight	Corporate Services Portfolio Governance Board		
Context	<p>To attract, retain and develop a high performing and engaged workforce we must ensure:</p> <ul style="list-style-type: none"> • A strong and relevant employer brand focussed on improvement, which is realistic and reflective of our internal culture. • An environment which promotes and displays positive behaviours at all levels, led and exemplified by Chief Officers, with a clear focus on value and engagement. • Our people feel confident to challenge and call out adverse behaviours at every level. • A collective focus on wellbeing and a commitment to maintaining manageable workloads. • A holistic resourcing strategy through which operating models and roles offer clarity and have a long-term vision to support attraction, retention, and development. • The development of clear supply pipelines to grow capability internally, providing progression opportunities, nurturing talent, and governing this activity through the resourcing strategy. • Efficient recruitment and vetting processes to match hiring pace and to ensure the right assessment and quality assurance of candidates is in place to meet and exceed standards. • The development and promotion of sustainable growth in future capabilities, by effectively understanding our future skills requirements. 		
Current factors	<ul style="list-style-type: none"> • Developing understanding of current and future operating models which impacts on resourcing and skills requirements. • Poor understanding of people performance, insufficient use of the P&DR system and lack of buy-in from local management leads to ineffective resource utilisation, low morale and missed opportunities to maximise talent and innovation. • Current job market means candidates have increased choice and higher expectations in relation to salary and opportunities for development. • Challenges to meet wider diversity ambition prevail despite increased local diversity as applicant pools remain limited. • Challenges in the attraction of specialist resources through internal supply routes. 		

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	<ul style="list-style-type: none"> • Higher percentage of female officer voluntary leavers than males. • The attraction and retention of volunteers continues to be negatively impacted by a nationally depleting market. • Vacancies are being held for long periods and attrition of candidates due to the length of wait in the recruitment process is evident. • Capacity and capability in Public Order resources to fulfil increased operational requirements.
Potential consequence	<ul style="list-style-type: none"> • Failure to secure a diverse and engaged workforce, directly impacting productivity. • Reduction in performance and negative impact on quality of service. • Failure to deliver services in technical and specialist areas impacting on public trust and confidence. • Impact on investigative standards and quality due to insufficient investigative resources to meet demand. • Lack of representation of the communities we serve, impacting negatively in trust and confidence. • Limited ability to deliver or delays in the delivery of Force change projects and programmes due to insufficient specialist and/or technical skills. • Loss of talent due to delays in pre-employment checks as part of the recruitment process.
Summary of Controls	<ul style="list-style-type: none"> • Continuous engagement with Chief Officer and business leads to ensure clarity of operating models, with oversight through the force governance framework, specifically Strategic Design Authority and Strategic Resourcing Board. • A People Strategy underpinned by specific people pillars provides direction and clarity to create suitable environments to drive performance improvement and support attraction, recruitment and development of our people. • A Resourcing Strategy to implement a holistic approach to resourcing and enable each business area to address design, demand, capacity, capability and supply for all resources needed. • A Strategic Workforce Plan to address resourcing needs at three distinct levels: day to day resource requirements, succession capacity and capability planning to address foreseen gaps and a longer-term vision setting out the resourcing needs and priorities of the Force across next five years. • Pay offer and job evaluation have been modernised, bringing salaries within the median for public sector to improve attraction and retention. • In addition to the new salary model, bespoke support and significant investment has been made to increase pay competitiveness across technical roles, securing critical technical skills and supporting Force change projects and programmes. • Focus on implementing a total rewards package and the establishment of a rewards panel to provide consistency, fairness and scrutiny to the

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	<p>allocation of market supplements, retention payments and other monetary related benefits.</p> <ul style="list-style-type: none"> • The NPCC Diversity, Equality & Inclusion Strategy is incorporated into the DE&I Strategy with a delivery plan aligned to national workstreams as well as a bespoke positive action plan to support meeting diversity and volunteering ambition. • Use of agency / organisations to provide burst capability for technical skills. • Development of a bespoke framework to address workforce retention and attrition as well as implementation of the national leavers framework to act on exit and retention intelligence. • A comprehensive accelerated investigative improvement plan and associated workforce plan is in place with governance provided by the Investigative Capability Gold Group and Strategic Resourcing Board. • A focussed Capacity and Capability Meeting is in place to monitor, coordinate and agree operational resourcing solutions at tactical level. This provides a platform for early consultation on change to operating models and early understanding of capacity and capability impact. • Working Group established to manage Public Order resources. • Recruitment campaigns are mapped for the forthcoming year and shared with vetting to ensure demand can be effectively managed and met. A process to prioritise vetting applications has been implemented between People Department and vetting. Vetting resources are considered sufficient to meet ongoing demand and remain under close observation. 	
Likelihood	3	12
Impact	4	

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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					

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

OPCC	Strategic Risk – Finance (OPCC) 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.
Owner(s)	Chief Finance Officer – OPCC
Governance and Oversight	Joint Business Meeting/OPCC Business Meeting
Context	<ul style="list-style-type: none"> ▪ 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. ▪ 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. ▪ 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. ▪ 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. ▪ Reserves policy is crucial to medium-term sustainability. ▪ In-year financial monitoring must be robust.
Current factors	<ul style="list-style-type: none"> ▪ Funding settlement 2025/26 remains one-year only with funding being below the level assumed with the previous MTFS and budget planning process, particularly with regards ongoing funding support for the 2024-25 higher pay award. ▪ Settlement 2025/26 has continued funding to support the Uplift programme. ▪ Following the change in Government during 2024 a one year settlement has been received for 2025/26 with a proposal to consider a 3 year settlement for policing during spring 2025. Along with a pledge for a national 13,000 increase in resources to Neighbourhoods. ▪ Comprehensive Spending Review (CSR) planned for June 2025 may provide further clarity on funding over the medium term. ▪ New funding for the Neighbourhood Policing Guarantee (NPG) in 2025-26, but no information available for future years. ▪ National Insurance (NI) Information Grant for 25-26 which will offset the majority but not all costs of higher employers NI costs. No detail provided on planned funding for future years and whether this will compensate further for pay inflation, NPG etc. ▪ At this time, the level of national funding and the robust controls detailed below mitigate in the short term the consequence. ▪ In the medium-term extraordinary international events and national inflationary rises lead to significant increases in cost without any increase in funding. ▪ As a result of the summer unrest there are a number of claims under the 'Riot Compensation Scheme' against the OPCC. Discussions are ongoing for

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	these to be funded by government, if this is not agreed they will need to be met from Force reserves.	
Potential consequence	<ul style="list-style-type: none"> ▪ 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. ▪ 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. ▪ If claims under the 'Riot Compensation Scheme' are to be met by OPCC, then these will need to be met from the General Reserve, potentially taking it below minimum levels. 	
Summary of Controls	<ul style="list-style-type: none"> ▪ Strategic engagement in respect of any proposed review of the funding formula. ▪ Transparent ownership of financial matters between the PCC and CC. ▪ Comprehensive approach using Priority Based Budgeting to identify areas of efficiency and investment, and an annual budget setting process. ▪ Well understood in-year financial monitoring and reporting governance. ▪ Medium and long term financial planning. ▪ Regular oversight of revenue and capital budget. ▪ Maintain adequate risk assessed reserves. ▪ 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. ▪ Audit Committee/Internal Audit/Treasury Management strategy in place and outcomes reviewed by PCC. ▪ HMICFRS inspection regime. 	
Likelihood	4	16
Impact	4	

OPCC	Strategic Risk – Governance (OPCC) 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.	
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"> ▪ Ineffective governance, scrutiny, oversight of services and outcomes delivered and lack of reaction to organisational learning by Northumbria Police. ▪ Need to target resources and priorities towards changing performance/landscapes or community needs. ▪ Chief Constable setting high performance standards. ▪ Chief Constable leading a representative workforce that demonstrates the highest levels of integrity, fairness and respect towards others. ▪ Trust in the transparency of Northumbria Police. ▪ Effective governance includes oversight of complaints against Northumbria Police. ▪ Effective systems and controls to manage risk are needed to support the delivery of service. ▪ A strong relationship between the Office of the Police and Crime Commissioner and Force which is resilient to external factors. 	
Current factors	<ul style="list-style-type: none"> ▪ Governments Devolution White Paper - plans to widen and deepen devolution. ▪ Understanding the new governments approach to crime, policing and criminal justice including the review of police accountability and the current police reform programme led by the Home Secretary. ▪ Pending outcome of the recent forcewide PEEL inspection 	
Potential consequence	<ul style="list-style-type: none"> ▪ Loss of public confidence. ▪ Reputational risk. ▪ A decline in quality and service delivery, leading to a reduction in public satisfaction with policing. ▪ Deteriorating performance resulting in policing priorities not being achieved. ▪ Poor relationship with Northumbria Police. ▪ Government intervention. ▪ Challenge by the Police and Crime Panel. ▪ Adverse external inspection reports, leading to recommendations and potential escalation. 	
Summary of Controls	<ul style="list-style-type: none"> ▪ Police and Crime Plan (regularly reviewed). ▪ Joint Business Meeting. ▪ Annual Scrutiny Programme. ▪ Provision of the complaints statutory review process. ▪ Public and partnership engagement - External Advisory Panel Framework ▪ PCC and Chief Constable 1:1s. ▪ Police and Crime Panel scrutiny. ▪ Scrutinising force response to HMICFRS inspection findings. ▪ Audit Committee, audit, annual governance statement, Internal Audit. 	
Likelihood Impact	1 2	2

OPCC	Strategic Risk – Partnership & Collaboration (OPCC)	
	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.	
Owner(s)	Chief of Staff and Monitoring Officer	
Governance and Oversight	Joint Business Meeting/VRU Strategic Board/Local Criminal Justice Board/ASB Strategic Board	
Context	<ul style="list-style-type: none"> ▪ Challenging budget and service pressures within partner organisations both in public and voluntary sector can lead to silo working. ▪ Potential for national issues and crisis to affect collaborative working. ▪ Requirement to retain engagement of the public as a partner. ▪ Ensuring external factors do not alter relationships preventing joint working. ▪ Clear outcomes not being identified and reported can risk sustainability and ongoing partner engagement. ▪ 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 up to the end of March 2025. 	
Current factors	<ul style="list-style-type: none"> ▪ Current economic crisis and funding pressures on partners. ▪ Understanding the new governments approach to crime, policing and criminal justice. 	
Potential consequence	<ul style="list-style-type: none"> ▪ Reduced public confidence. ▪ Reduced opportunities for more efficient and effective services. ▪ Missed opportunities to prevent and reduce crime and disorder and maintain an efficient and effective Criminal Justice System. 	
Summary of Controls	<ul style="list-style-type: none"> ▪ Effective partnership/commissioning governance arrangements that identify and report outcomes and progress. ▪ Comprehensive public engagement and communication strategies to inform multi agency responses and effective scrutiny. ▪ Scrutiny of effectiveness of Force collaborative activity. ▪ Focus on accessing funds for collaborative working and lobbying government for sustained funding streams. ▪ VRU Strategic Board and Response Strategy. ▪ PCC chairs Local Criminal Justice Board and ASB Strategic Board. ▪ Collaboration and engagement with other PCCs, nationally and regionally. ▪ Comprehensive engagement and monitoring of commissioned services. ▪ Regular 'sector' engagement meetings with potential and current partners. 	
Likelihood	2	8
Impact	4	

OPCC	Strategic Risk – Public Confidence (OPCC)	
	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.	
Owner(s)	Chief of Staff and Monitoring Officer	
Governance and Oversight	Joint Business Meeting/Annual Scrutiny Programme	
Context	<ul style="list-style-type: none"> ▪ A robust communications plan is needed to demonstrate effective and visible accountability of the Chief Constable to the PCC. ▪ Delivery of the Police and Crime Plan 2025-2029 alongside understanding and responding to changing community priorities ▪ Engagement with communities, through external advisory panels and the complaints process to respond to trends or concerns identified ensuring organisational learning. ▪ OPCC business must ensure compliance with legal, information management legislation, transparency guidance and the public sector equality duty. ▪ Continue to reassure communities through robust scrutiny of Northumbria Police and engagement with partners and communities. 	
Current factors	<ul style="list-style-type: none"> ▪ PCCs Police and Crime Plan ▪ Understanding the impact of the Supreme Court Ruling on legal definition of women. ▪ Role of social media in shaping public perceptions. ▪ Impending HMICFRS PEEL assessment for Northumbria Police. 	
Potential consequence	<ul style="list-style-type: none"> ▪ Reputational damage. ▪ Police and Crime Plan and delivery not aligned to public priorities. ▪ Loss of trust/confidence in the PCC as a result of crime perceptions. ▪ Poor service delivery damages public confidence. ▪ Relationship with force and partners. ▪ Government penalties due to poor assessment results. 	
Summary of Controls	<ul style="list-style-type: none"> ▪ Police and Crime Plan (regularly updated to reflect emerging priorities). ▪ Annual Scrutiny Programme and quarterly OPCC service confidence in policing report from the PCC to the Chief Constable. ▪ Police and Crime Panel Scrutiny. ▪ Reporting back to the public crime data and on their concerns and progress towards the Police and Crime plan. ▪ External evaluations including impact of the VRU. ▪ Rolling programme of PCC engagement across demographics and issue based topics. ▪ Annual Report. ▪ Governance Framework. ▪ Annual Assurance Statement/Audit Committee/Internal Audit. ▪ OPCC website and social media. ▪ Data Protection Officer. ▪ Complaints review process. ▪ Service level agreement with Northumbria Police. ▪ External Advisory Panel Framework. 	
Likelihood	2	8
Impact	4	

JOINT INDEPENDENT AUDIT COMMITTEE	25 JUNE 2025
TREASURY MANAGEMENT ANNUAL REPORT 2024/25	
REPORT OF THE JOINT CHIEF FINANCE OFFICER	

1. Purpose of the Report

- 1.1 The report asks the Joint Independent Audit Committee (the Committee) to review the Treasury Management Annual Report 2024/25 as attached at Appendix A and approve it for presentation to the Police and Crime Commissioner (the Commissioner).

2. Recommendation

- 2.1 The Committee is asked to review the Treasury Management Annual Report 2024/25 and approve it for presentation to the Commissioner.

3. Background

- 3.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code) requires the Commissioner to receive a Treasury Management Annual Report on borrowing and investment activity by 30 September each year. This report meets this requirement and informs the Commissioner of Treasury Management activity during 2024/25.
- 3.2 This report covers the period 01 April 2024 to 31 March 2025.

4 Summary

- 4.1 The Treasury Management Annual Report 2024/25 is attached at Appendix A. The key highlights are as follows:
- Investment income was £0.623m higher than the budget, reflecting additional cash and reserve balances available for investment and slower decreases in Bank Rate. Whilst the budget assumed Bank Rate would reduce to 3.75% by the end of 2025, rates reduced slower, and only to 4.50% by March 2025.
 - Borrowing costs were £1.043m less than the budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.
 - Financial Regulations have been complied with and all Prudential Indicators were within the limits set for the year within the Treasury Management Strategy.

5. CONSIDERATIONS

Freedom of Information	<i>Non-exempt</i>
Consultation	Yes
Resource	No
There are no additional financial considerations arising from this report.	
Equality	No
There are no equality implications arising from the content of this report.	
Legal	No
There are no legal considerations arising from the content of this report.	
Risk	No
There are no additional risk management implications directly arising from this report.	
Communication	Yes
To be reported to the Police and Crime Commissioner in-line with The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code) by 30 September each year.	
Evaluation	No

Treasury Management Annual Report 2024/25

The Strategy for 2024/25

1. The 2024/25 Treasury Management Policy Statement and Strategy was approved by the Joint Independent Audit Committee (JIAC) on 26 February 2024 for presentation to the Police and Crime Commissioner (the Commissioner). The key decision was approved by the Commissioner on 14 March 2024.
2. The formulation of the 2024/25 Treasury Management Strategy involved determining the appropriate borrowing and investment decisions with the prime objective of safeguarding assets and secondary objectives of managing liquidity, obtaining a reasonable rate of return on investments, and minimising the costs of borrowing.
3. The Treasury Management Strategy fully complied with the requirements of The Chartered Institute of Public Finance and Accountancy Code of Practice on Treasury Management and covered the following:
 - Prospects for interest rates.
 - Treasury limits set for prudential indicators.
 - The investment strategy.
 - The borrowing strategy.

Investment Strategy

4. Investments are managed in-house using counterparties listed in an approved lending list consistent with the agreed Treasury Management Strategy. Investments are placed over a range of periods and are dependent on the assessed security of the counterparty, the liquidity requirements of the cash flow, actual interest rates and expectations of movements in interest rates.
5. The expectation for interest rates within the Treasury Management Strategy for 2024/25 anticipated Bank Rate would not need to increase further than 5.25% and that from Q2 rates would be cut to 4.25% by the end of 2024.
6. The Treasury Management Strategy was to adopt caution in the management of the 2024/25 treasury operations. The interest rate market was monitored to allow the Chief Finance Officer (CFO) to adopt a pragmatic approach to any changing circumstances, having delegated powers to invest and manage the funds of the Commissioner.

Borrowing Strategy

7. The borrowing strategy for 2024/25 was:
 - Consider the use of short-term borrowing as a bridge until capital receipts are received.
 - Consider the use of market loans which are at least 20 basis points below the PWLB target rate, where they become available.
 - Consider, where required, the use of PWLB loans where rates fall below Treasury Advisor, MUFG, trigger rates, with preference given to terms which ensure a balanced profile of debt maturity.
 - Consider the use of reserve and General Fund balances to limit the requirement for new borrowing, reducing investment balances rather than increasing external borrowing in order to minimise interest costs.

- Maintain a flexible strategy in order to allow decisions on borrowing to be taken which balance the refinancing risk associated with an increase in interest rates against any potential short-term savings.
8. The early repayment of debt was not considered to present value for money during 2024/25, as the cost of premiums payable on the early repayment of debt continue to outweigh any potential savings on refinancing.

Treasury Management Compliance with Risk Strategy

9. The primary objective is to ensure the security of funds and minimise risks, including counterparty and interest rate risks. In October 2024 the Internal Audit report on the review of the treasury management function gave the opinion that it was 'Operating Well'.

Outturn 2024/25 – Performance Measurement

10. Prudential indicators are set annually to ensure that borrowing is prudent, sustainable and affordable. Performance is monitored against these indicators throughout the year and reported in the quarterly capital monitoring reports to the Joint Business Meeting (JBM). The outturn against the prudential indicators confirms that all indicators were operating within agreed limits. A copy of the prudential indicators is attached at Appendix I.

External Advisers

11. The Commissioner has used Link Group as its external treasury management advisers over the past few years. On 16 May 2024, Link Group was acquired by Mitsubishi UFJ Trust & Banking, a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc.(MUFG). As a result, Link Group is now known as MUFG Pension & Market Services. As of 20 January 2025 their treasury services became part of MUFG Corporate Markets (a division of MUFG Pension and Market Services). We have been assured that there will be no changes to the way they operate, the teams we work with, or the products and solutions we use. Our Procurement Department arranged for the change of name on the current contract. For treasury documents and reports, our advisors shall now be referred to as MUFG going forward. The contract with them was renewed on 1 November 2022 following a procurement exercise. This is a two year contract with options to extend for a further two years up to 31 October 2026.

Investment strategy and control of interest rate risk

12. Investment returns remained robust throughout 2024/25 with Bank Rate reducing steadily through the course of the financial year (three 0.25% rate cuts in total), and even at the end of March the yield curve was still relatively flat, which might be considered unusual as further Bank Rate cuts were expected in 2025/26.
13. Bank Rate reductions of 0.25% occurred in August, November and February, bringing the headline rate down from 5.25% to 4.5%. Each of the Bank Rate cuts occurred in the same month as the Bank of England publishes its Quarterly Monetary Policy Report, therein providing a clarity over the timing of potential future rate cuts.
14. As of early April 2025, market sentiment has been heavily influenced of late by President Trump's wide-ranging trade tariffs policy. Commentators anticipate a growing risk of a US recession, whilst UK GDP is projected by the Office for Budget Responsibility to remain tepid, perhaps achieving 1% GDP growth in 2025/26.
15. Looking back to 2024/25, investors were able to achieve returns in excess of 5% for all periods ranging from 1 month to 12 months in the spring of 2024 but by March 2025 deposit rates were some 0.75% - 1% lower. Where liquidity requirements were not a drain on day-to-day investment choices, extending duration through the use of "laddered investments" paid off.
16. That is not to say that investment choices were straight-forward. Concerns over rising inflation after the Autumn Statement in October led to reduced expectations for Bank Rate

to fall. Indeed, the CPI measure of inflation is expected to reach c3.75% by the autumn of 2025, which could provide for some presentational issues for a Bank whose primary mandate is to ensure inflation is close to 2% on a two-to-three-year timeframe. At the end of March, only two further rate cuts were priced into the market for 2025 (4% at December 2025). A week later and sentiment has changed dramatically in the wake of the equity market sell-off to the extent that markets now expect three Bank Rate reductions between May and December 2025 (Bank Rate to fall to 3.75%).

17. Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

Borrowing strategy and control of interest rate risk

18. During 2024/25, the Commissioner maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Commissioner's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as although near-term investment rates were equal to, and sometimes higher than, long-term borrowing costs, the latter are expected to fall back through 2025 and 2026 in the light of economic growth concerns and the eventual dampening of inflation.
19. A cost of carry will generally remain in place during the year on any new long-term borrowing that is not immediately used to finance capital expenditure, as it will cause a temporary increase in cash balances; this would incur a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. The Commissioner sought to avoid taking on long-term borrowing at elevated levels (>5%) and has focused on a policy of internal borrowing. There was no new long-term borrowing taken during 2024/25 and therefore this risk was nil.
20. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when the Commissioner may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
21. Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Chief Finance Officer therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:
 - if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
 - if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised.
22. Interest rate forecasts initially suggested gradual reductions in short, medium and longer-term fixed borrowing rates during 2024/25. Bank Rate did peak at 5.25% as anticipated, but the initial expectation of significant rate reductions did not transpire, primarily because inflation

concerns remained elevated. Forecasts were too optimistic from a rate reduction perspective, but more recently the forecasts, updated from November 2024 onwards, look more realistic.

23. At the start of April 2025, following the introduction of President Trump's trade tariffs policies, the market now expects Bank Rate to fall to 3.75% by the end of December 2025, pulling down the 5 and 10 year parts of the curve too. This should provide an opportunity for greater certainty to be added to the debt portfolio, although a significant fall in inflation will be required to underpin any material movement lower in the longer part of the curve.

Investment Performance

24. The main focus for treasury management in 2024/25 has continued to be ensuring the security of investments whilst generating a positive rate of return in an environment of continually rising rates. Due to the difference between the cost of borrowing and investment interest, cash balances have continued to be used to temporarily fund the capital programme. This has resulted in continued savings on the cost of borrowing and lower credit risk as the investment portfolio is reduced.

25. A continued use has been made of a range of investment instruments in order to maintain flexibility, spread risk, maximise liquidity and obtain positive interest rates. The use of money market funds, bank accounts, and investment deposits with banking institutions and Local Authorities within the Treasury Strategy counterparty limits, has maintained the security of funds and positive rate of return on investments.

A summary of the year's activity is shown at Appendix 2. The total interest earned in the year was £1.873m (2023/24 £1.934m) with an average interest rate of 5.11% (2023/24 5.34%).

26. The overall return on investments of 5.11% was achieved in 2024/25. This exceeded the backward compounded 30-day SONIA rate of 4.94%. By actively managing our temporary investments, seeking the best rates, and utilising spare capacity in certain accounts we have maximised the interest earned whilst operating within the constraints of the approved Treasury Management Policy.
27. Investment interest earned in 2024/25 reflects an increase of £0.623m against the budget of £1.250m. The Bank of England reduced Bank Rate to 4.50% during 2024/25. The investment interest budget was set based on the Link Group (Treasury Management advisers) forecast as at January 2024 which profiled rates to fall lower, to 3.75% by March 2025. The higher bank rate experienced and greater average investment balances held during the year, have delivered the significant additional investment income.

Borrowing Performance

28. The total borrowing at 31 March 2025 was £71.969m, which was within the operational borrowing limit of £155.000m. This is a net decrease of £5.000m from the opening balance of £76.969m, represented PWLB repayments of £5.000m. All new borrowing was short term with no new long-term PWLB borrowing required in 2024/25. The table below sets out short-term borrowing taken during the year:

Date	Term	Amount	Interest Rate	Sources
03/06/2024	4 days	£5.000m	5.35%	Market Loans
03/06/2024	32 days	£5.000m	5.30%	Market Loans
Total		£10.000m		

29. The use of reserves and cash balances to limit the requirement for new borrowing (internal borrowing) has continued to deliver savings in 2024/25, reducing investment balances rather than increasing external borrowing, in order to minimise interest costs.

30. The average borrowing interest rate during 2024/25 was 3.23% compared to 3.27% in 2023/24. This slight decrease is due to lower level of short term loan requirements during 2024/25 that attract rates above the long term fixed rate PWVLB loans already in place, and the higher rate (3.91%) of the £5.000m maturing during 2024/25.
31. Of the total borrowing of £71.969m at 31 March 2025, £66.969m was with the Public Works Loans Board (PWVLB) and £5.000m was a long-term market loan with Barclays.
32. The overall revenue cost of borrowing in 2024/25 was £2.411m. This was £1.043m less than the budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.
33. The 2024/25 interest budget was set based on the expectation of capital expenditure totalling £50.000 million across 2023/24 and 2024/25. Based on the actual outturn position for 2023/24 and provisional outturn for 2024/25, that spend is approximately £29.000m, a reduction of £21.000m. The underspend is therefore substantially attributable to planned borrowing which has not been required during the year. In addition, higher reserve balances and the underspend against the revenue budget have delivered a greater capacity for internal borrowing during the year which has further reduced the overall borrowing requirement.

Debt Restructuring and Repayment

34. Due to the differential between current and historic interest rates it was anticipated that there would be little scope to restructure PWVLB debt. This situation was monitored throughout the year and the cost of early repayment continues to outweigh any savings, therefore there was no early redemption or restructuring of debt.

Summary of Treasury Management performance for the year 2024/25

35. Investment income was £0.623m higher than budgeted reflecting additional cash and reserve balances available for investment and the slower decrease in Bank Rate over the year.
36. Borrowing costs were £1.043m less than the budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.
37. The Commissioner has continued the use of internal borrowing available through reserve balances and capital receipts.
38. Overall Treasury Management performance against budget for 2024/25 generated a saving of £1.666m as summarised in the following table:

	2024/25 Budget £m	2024/25 Actual £m	2024/25 Variance £m
Borrowing Interest	3.454	2.411	(1.043)
Investment Interest	(1.250)	(1.873)	(0.623)
Net Position	2.204	0.538	(1.666)

Prudential Indicators 2024/25

Authorised Limit* for External Debt		
	2024/25 Reported Indicator £m	2024/25 Maximum YTD £m
Borrowing	175.000	86.969
Other Long Term Liabilities	0.000	0.000
Total	175.000	86.969

Operational Boundary** for External Debt		
	2024/25 Reported Indicator £m	2024/25 Maximum YTD £m
Borrowing	155.000	86.969
Other Long Term Liabilities	0.000	0.000
Total	155.000	86.969

Upper Limit on amounts invested beyond 364 days			
	2024/25 Reported Indicator £m	2024/25 Outturn £m	2024/25 Maximum YTD £m
Investments	15.000	0	0

***The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Commissioner does not have the power to borrow above this level. The table below demonstrates that during 2024/25 the Commissioner has maintained gross borrowing within its authorised limit.

****The operational boundary** – the operational boundary is the expected borrowing position of the Commissioner during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Investment Activity

Investments maturing during the year		
	2023/24	2024/25
Number of investments made in the previous year, maturing in the reporting year	0	0
Number of investments made in the reporting year, maturing in the reporting year	691	827
Total number of investments maturing in the reporting year	691	827
Number of investments made in reporting year, maturing in the following year	0	0

Average duration of investments		
	2023/24	2024/25
Average duration of investments (including overnight)	2 days	2 days
Average duration of investments (excluding overnight)	67 days	81 days

Summary of non-specified investments		
	2023/24	2024/25
Non-specified investments:		
Rated non-high		
Approved limit	75%	75%
Maximum level invested	68%	36%
Investments over 364 days		
Approved limit	20%	20%
Maximum level invested	0%	0%

Gross Debt and Capital Financing Requirement (CFR)

Gross Debt and CFR	2023/24 Estimate £m	2024/25 Outturn £m
Borrowing as at 31 March	76.969	71.969
Capital Financing Requirement as at 31 March	110.993	108.018
Amount of Borrowing (over) / under CFR	34.024	36.049

- Total borrowing at 31 March 2025 was lower than the Capital Financing Requirement (CFR) by £36.049m. This represents the extent to which the Commissioner is utilising reserves and cash balances for internal borrowing at the end of the financial year.
- Borrowing at 31 March 2025 was below the original estimate. The planned re-financing of a £5.000m PWLB maturity was not required during the year due to an underspend against the capital programme. In addition, forecast short-term temporary borrowing during the year was lower than required due to an increase in the reserves position at 31 March 2025 against the original MTFS estimate.
- The actual CFR at 31 March 2025 was lower than the original estimate as a result of the underspend against the capital programme for 2024/25.

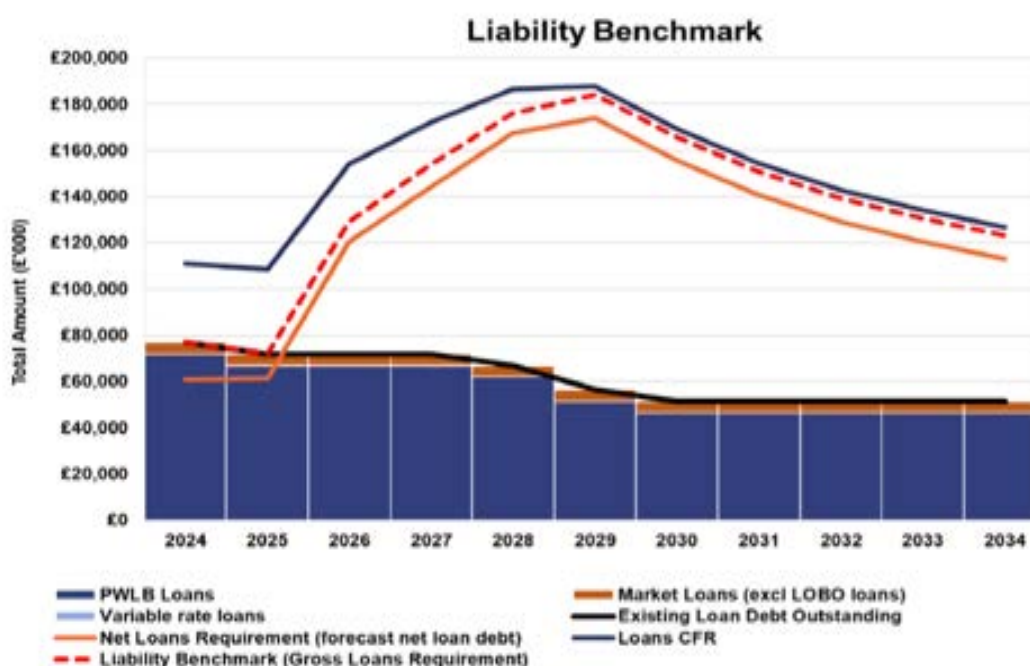
Liability Benchmark

The Liability Benchmark is to support the financing risk management of the capital financing requirement (CFR).

The Liability Benchmark is presented as a chart which sets out the following:

- **Existing Loan Debt Outstanding** – this is the profile of the Commissioners existing loans which takes into account the scheduled loan repayments due within the period.
- **The Loans CFR (Capital Financing Requirement)** – this is the total requirement that the Commissioner has for prudential borrowing to support capital expenditure. This includes the CFR as at the last year-end plus approved future borrowing for planned capital expenditure within the existing MTFS capital programme and less those amounts due to be set aside under the MRP (Minimum Revenue Provision) policy adopted by the Commissioner.
- **Net Loans Requirement** – this is a forecast of the Commissioner’s net loan debt, i.e. net of investments for treasury management purposes.
- **Gross Loans Requirement** – this is the Liability Benchmark and represents a forecast of the level of gross loans debt the Commissioner will require in accordance with budget plans.

The Liability Benchmark chart is set out below.



The chart shows that the Commissioner’s existing loan debt comprises mainly PWLB debt plus a smaller element attributable to market loans. The Commissioner has no variable rate loans.

The Liability Benchmark chart demonstrates a requirement for new borrowing to be taken over the period from the 2025/26 financial year. Whilst the approach to borrowing remains to maximise the use of internal borrowing, the chart demonstrates that the extent to which internal borrowing can be used as a temporary financing tool will reduce over the medium to longer term as reserve balances reduce in-line with budget plans under the Commissioner's Medium Term Financial Strategy (MTFS).

JOINT INDEPENDENT AUDIT COMMITTEE

25 JUNE 2025

SENIOR MANAGERS ASSURANCE STATEMENTS

REPORT OF THE INTERNAL AUDIT MANAGER

1 Purpose of the Report

- 1.1 To inform the Committee of the assurance which the Chief of Staff and Monitoring Officer to the Police and Crime Commissioner (PCC) and Force managers have placed on their control systems to feed into the Annual Governance Statement for 2024/25.

2 Background

- 2.1 The Accounts and Audit Regulations 2015 require Authorities to produce an Annual Governance Statement giving an assessment of governance arrangements and their effectiveness.
- 2.2 The Joint Independent Audit Committee agreed on 24 February 2025 an assurance framework which would provide evidence for the completion of the Annual Governance Statement.
- 2.3 Assurances from managers on the effectiveness of controls they have in place in their departments is fundamental within the assurance framework and forms a key part of the review of the effectiveness of internal control as set out in the Annual Governance Statements for both the PCC and Chief Constable reported elsewhere on today's agenda.
- 2.4 The Chief of Staff and Monitoring Officer, Heads of Departments and Area Commanders were asked to complete self-assessments, which took the form of a questionnaire covering the processes in place to manage their key business risks. They were required to state whether they agreed or disagreed that the processes they had in place provided an effective level of assurance and compliance. There was also a requirement to detail the evidence to support their assessment and highlight any areas of either above or below average performance or outputs.

3 Overall Opinion

- 3.1 All assessments issued have been returned, and all listed satisfactory evidence to support the opinions recorded. All returns confirmed agreement in all areas.

AGENDA ITEM 12.a.

- 3.2 All managers agreed that overall effective controls are in place to allow them to achieve their service objectives and therefore the objectives of the PCC and Chief Constable.
- 3.3 A summary of returns is attached at Appendix A showing each process being assessed.
- 3.4 Internal Audit has time in the 2025/26 audit plan to review the evidence and actions identified by managers in their assurance statements. All departments are reviewed on a cyclical basis, the following areas are scheduled to be included in the 2025/26 audit:
- Criminal Justice and Custody
 - Strategic Workforce Planning
 - Procurement
 - Gateshead Area Command
- 3.5 The outcome of this work will be reported to the Joint Independent Audit Committee prior to the approval of each body's financial statements. This audit will cover a number of questions included in the assurance statements, across a sample of departments.

4 Equal Opportunities implications

- 4.1 It is considered that there are no equal opportunities implications arising from the report.

5 Human Rights implications

- 5.1 It is considered that there are no human rights implications arising from the report.

6 Risk Management implications

- 6.1 Ongoing reviews of controls and their effectiveness will assist managers in the identification and mitigation of risk.

7 Financial implications

- 7.1 There are no financial implications directly arising from this report.

8 Recommendation

- 8.1 The Committee is asked to note the assurances provided by senior managers.

Appendix A

Senior Manager Assurance Assessments 2024/25

Area of Assurance	Percentage that Agree / Disagree that Effective Controls are in Place
1. Controls are in place to demonstrate compliance with legal requirements, governance arrangements and corporate policies.	100% (29 out of 29 managers) agreed that the processes they had in place provided an effective level of assurance and compliance.
2. There is effective service planning with resources used to ensure that the Police and Crime Plan and the Chief Constable's Delivery Plan are both fully supported. Plans are reviewed on a regular basis to measure progress against relevant performance targets.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
3. There are effective data quality and performance management processes with accurate and sufficient information generated, which is reported to relevant parties on a timely basis and with appropriate action taken to address performance issues.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
4. Awareness of the requirements of the General Data Protection Regulations (GDPR) and taken steps to ensure compliance. The Area Command / Department have identified its sources and flows of information including rights of access.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
5. There are well defined reporting arrangements to senior management, including a clear reporting structure containing accurate and timely information, to ensure decision making is taken on a sound basis.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
6. Management and staffing structures are clearly defined, responsibilities including job descriptions are clearly established and there is a	100% agreed that the processes they had in place provided an effective level of assurance and compliance.

workforce of adequate competence and number to deliver the service.	
7. Standards of conduct within the Area Command / Department are in accordance with written codes and controls are in place to deter, prevent, detect, and therefore reduce the risk, of fraud and corruption (including bribery).	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
8. There are effective financial planning and budgetary control procedures in place. Staff within my Service area involved with financial matters and contracts are familiar with, and comply with, financial procedure and procurement rules as published procedures on the Force Instructional Information System; and are fully aware of their responsibilities when authorising transactions and will be held accountable for their actions.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
9. The Area Command / Department can demonstrate it has sought value for money in the use of resources.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
10. Relevant Partnership arrangements are well founded with clearly defined governance arrangements and are adequately monitored for effectiveness.	96% agreed that the processes they had in place provided an effective level of assurance and compliance. One return stated this question was not applicable due to having no partnerships in place.
11. ICT systems used by the Area Command / Department are secure and satisfactory for their purpose and adequate business continuity arrangements are in place.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
12. Recommendations from relevant Inspectorate / audit reports where they relate to your area of responsibility are reviewed and acted upon.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.

<p>13. Decisions are taken with due regard to insurance, health and safety, information governance, community safety and other risk implications.</p>	<p>100% agreed that the processes they had in place provided an effective level of assurance and compliance.</p>
<p>14. There is effective risk management within the Area Commands / Department with adequate identification, control and on-going monitoring and review of service, operational and strategic risks.</p>	<p>100% agreed that the processes they had in place provided an effective level of assurance and compliance.</p>

JOINT INDEPENDENT AUDIT COMMITTEE

25 JUNE 2025

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2024/25

REPORT OF THE INTERNAL AUDIT MANAGER

1 Purpose of the Report

- 1.1 To ask the Committee to review the effectiveness of the system of Internal Audit for 2024/25.

2 Background

- 2.1 The Accounts and Audit Regulations 2015 require all authorities to “conduct an annual review of the effectiveness of its internal control” and for a committee of the body to consider its findings” and that this process should be part of the annual review of the effectiveness of the system of internal control which contributes towards the production of the Annual Governance Statement.
- 2.2 This review should be undertaken prior to the consideration of the Internal Audit Annual Report to allow the opinion of the Audit Manager to be relied upon.
- 2.3 The Joint Chief Finance Officer has delegated responsibility to maintain an adequate internal audit of both the Police and Crime Commissioner and Chief Constable’s financial affairs of both bodies as required by Section 151 of the Local Government Act 1972.
- 2.4 The review of the effectiveness of internal audit for 2024/25 was undertaken with members Joint PCC and Chief Constable Governance Monitoring Control Group, which includes the PCC’s Chief of Staff and Monitoring Officer, the Deputy Chief Constable and the Acting Joint Chief Finance Officer. This review was based upon the following:
- Self-assessment and results of the external assessment against UK Public Sector Internal Audit Standards (PSIAS);
 - Self-assessment against the CIPFA Statement on the Role of the Head of Internal Audit;
 - Assessment of the effectiveness of the Joint Independent Audit Committee; and
 - Relevant local performance information.

3 Assessment against UK Public Sector Internal Audit Standards (PSIAS)

- 3.1 The PSIAS require an external assessment of internal audit functions to be completed every five years. In compliance with PSIAS the

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Internal Audit Service was assessed against current Internal Audit practices and compliance with professional standards by CIPFA during 2024/25.

- 3.2 The professional standards have four areas as detailed below:
- Definition of Internal Auditing;
 - Code of Ethics;
 - Attribute Standards; and
 - Performance Standards.
- 3.3 The outcome of the assessment was positive and found that the Internal Audit Service 'Generally Conforms' with the standards. A number of minor recommendations were made following the external assessment; none of which are relevant to Northumbria Police, these are currently being implemented and compliance is being monitored.
- 3.4 The next external assessment is due to take place during 2029/30.

4 Self-Assessment against the CIPFA Statement on the Role of the Head of Internal Audit

- 4.1 This assessment requires an evaluation of how the five principles of this statement are embedded within the OPCC and Force and the Chief Audit Executive's skills and personal experience. The self-assessment found arrangements to be compliant with the statement. For information, a copy is attached at Appendix A.

5 Reliance Placed Upon Internal Audit by the External Auditor

- 5.1 During 2024/25 External Audit have not relied on the work of Internal Audit in any specific areas.

6 Assessment of the Effectiveness of the Audit Committee

- 6.1 An assessment of the effectiveness of the Joint Independent Audit Committee (JIAC) has been completed. The assessment covered the following areas:
- Purpose & Governance;
 - Functions of the Committee;
 - Membership & Support; and
 - Effectiveness of the Committee.
- 6.2 A review of the assessment was carried out by the Joint Governance Monitoring Group members and found the JIAC to be effective.
- 6.3 Evidence includes the Committee's oversight of risk management, internal audit arrangements, the Statement of Accounts and approval of the Annual Governance Statement.

7 Performance Information

7.1 Performance monitoring of the work carried out by the Internal Audit Service provides further assurance that the system of Internal Audit is operating effectively and adding value. During 2024/25 the following key performance indicators are relevant:

- Customer satisfaction questionnaires returned in the year recorded satisfaction at 95%.
- 100% of draft audit reports were issued within the target of 17 working days following the end of audit fieldwork.

8 Opinion of the Effectiveness of Internal Audit

8.1 Based on the reviews detailed above it is considered that both the PCC and Chief Constable's system of internal audit is operating effectively.

9 Equal Opportunities implications

9.1 It is considered that there are no equal opportunities implications arising from the report.

10 Human Rights implications

10.1 It is considered that there are no human rights implications arising from the report.

11 Risk Management implications

11.1 An effective system of internal audit will positively contribute to the management and mitigation of risk.

12 Financial implications

12.1 There are no financial implications directly arising from this report.

13 Recommendation

13.1 The Committee is asked to endorse the opinion that the PCC and Chief Constable's system of internal audit is operating effectively.

Appendix A – 2024/25 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
1	The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks and commenting on responses to emerging risks and proposed developments.	<p>Head of Internal Audit (HIA) role in the organisation's governance is set out in the Audit Charter which complies with UK Public Sector Internal Audit Standards (UKPSIAS).</p> <p>The responsibility and objectives of Internal Audit:</p> <ul style="list-style-type: none"> • Organisational independence; • Accountability & reporting lines; • The contribution made by the HIA to the internal control environment (including an assessment of its effectiveness) which in turn contributes to the Annual Governance Statement; • The access to all records, assets, personnel and premises, except covert; • The requirement of the HIA to provide an annual audit opinion on the internal control environment. 	<p>HIA helps promote good governance through an annual risk based audit programme, quarterly meetings of the joint governance monitoring group, quarterly progress reports to the JIAC, and an annual audit opinion report.</p> <p>Role of the Internal Audit Service is defined in the scope of the Audit Charter which is reviewed annually.</p>	<p>The Internal Audit Strategy is reviewed by the HIA annually and revised as necessary to reflect any prevailing risks to the Police and Crime Commissioner (PCC) and Chief Constable.</p> <p>HIA undertakes consultation exercises with senior managers to feed into annual plan.</p> <p>HIA identifies and disseminates best practice through audit provision across different organisations in the public sector.</p>
2	The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.	<p>Established through the Audit Charter, the HIA has clear lines of responsibility to the Chair of the JIAC, PCC, Chief Constable, PCC's Chief of Staff and Monitoring Officer, Force Command Team and the Section 151 Officer for both the PCC and Chief Constable.</p> <p>HIA produces an Audit Strategy, which is approved by the JIAC.</p> <p>Protocols that define Internal Audit's</p>	<p>HIA produces an Annual Audit Opinion which gives assurance to the PCC and Chief Constable on the effectiveness of the system of internal control.</p> <p>HIA liaises regularly with those discharged with the organisation's external audit responsibilities. HIA ensures that audit work is not driven by priorities of external audit.</p> <p>HIA produces a three year rolling Audit</p>	<p>HIA reports both in detail and in summary on all principal audit findings and control and system weaknesses to the JIAC without interference or influence from the Police Service or auditees.</p> <p>All audit findings are evaluated and assessed against the risk to the organisation.</p> <p>HIA ensures that recommendations presented are objective, pragmatic and</p>

Appendix A – 2024/25 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
		working relationships are also set out in the Scheme of Delegation and Financial Regulations.	<p>Strategy which is reviewed annually to reflect the organisation's key risks. The strategy and plan are flexible, supportive, challenging, prioritised and timely which ensures the plan maintains focus on emerging risks.</p> <p>The Audit Strategy is presented to the JIAC prior to the start of the financial year.</p> <p>The annual audit planning process incorporates the organisational risks as identified in the risk register. To place reliance on the risk register the HIA evaluates and assesses the organisation's risk maturity and risk appetite.</p> <p>HIA liaises with other external bodies including those with inspection/assurance responsibilities such as external audit.</p>	<p>risk based.</p> <p>HIA ensures that all recommendations are followed up at the agreed due date and that the progress in actioning these is reported to the JIAC.</p>
3	The HIA in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.	<p>HIA reports directly to the PCC and CC's Section 151 Officer but with direct line of access to the PCC, Chief Constable and Chair of the JIAC.</p> <p>HIA has clear lines of responsibility and reporting to the JIAC.</p> <p>The HIA has access to the senior management and leadership team within the OPCC and Force.</p> <p>As established within the Audit Charter the HIA leads an audit function which has</p>	<p>HIA liaises and consults with key PCC and Force stakeholders in revising the annual audit strategy and the annual audit programme.</p> <p>HIA has unfettered access to escalate any concerns through reports or direct submissions to the JIAC.</p>	<p>HIA has developed and maintained effective professional working relationships with a range of internal and external stakeholders.</p> <p>HIA attends and reports to the JIAC.</p> <p>HIA ensures that audit programmes are flexible in nature and are developed to ensure testing is reflective of the current operational procedures, process and structures of the PCC and CC.</p> <p>HIA networks both internally and</p>

Appendix A – 2024/25 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
		unrestricted access to all people, systems and records within the organisation, subject to restrictions in relation to covert assets (as agreed by JIAC).		externally.
4	The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.	<p>All internal auditors are fully qualified (CCAB, AAT, IIA or equivalent) or are undertaking professional studies.</p> <p>Local performance targets are produced which are reported into the JIAC quarterly.</p> <p>Client questionnaires are circulated with the results incorporated into the HIA's quality control function.</p> <p>The Audit Plan is developed using a risk based approach prior to looking at resource implications.</p> <p>The service has undergone external assessment against PSIAS and was assessed as Generally Conforms and all recommendations from the external assessment are being implemented.</p>	<p>HIA ensures that the Internal Audit Service is resourced to be fit for purpose through:</p> <ul style="list-style-type: none"> • Training support to undertake professional qualifications; • On the job and in-house training; • Regular Appraisal & Development reviews and client surveys which are used to identify training and development needs; • Review of job profiles to ensure all staff responsibilities are clearly defined and recognised; and • Internal Audit Development Plan. <p>HIA regularly attends conferences, courses and other networking opportunities keeping up to date with recent audit developments and current best practice in the public sector.</p>	<p>The Internal Audit Service complies with PSIAS.</p> <p>Annual planning involves consultation with stakeholders, including senior managers and JIAC members.</p> <p>Client questionnaires are circulated for feedback in relation to Internal Audit's performance. These aim to enhance customer focus.</p> <p>Innovative arrangements to manage skills gaps i.e. Newcastle IT audit arrangement.</p> <p>Where appropriate the Internal Audit Service will work in partnership with other relevant parties.</p>
5	The HIA in a public service organisation must be professionally qualified and suitably experienced.	<p>HIA has 25 years local authority experience and has been CIPFA qualified for 14 years. The HIA has 15 years Internal Audit experience.</p> <p>The core responsibilities of the HIA role are clearly defined in the job profile, the Audit Charter and Financial Regulations.</p>		<p>HIA is CIPFA qualified and takes personal responsibility for continuous professional development (CPD) in accordance with institute requirements.</p> <p>The Internal Audit Section operates according to PSIAS and has been externally assessed as Generally Conforms.</p>

Appendix A – 2024/25 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
		HIA has the appropriate experienced and qualified resources (see above) within the audit section to fulfil the audit provision as set out in the Annual Audit plan.		HIA has 25 years' experience in local authority finance.

JOINT INDEPENDENT AUDIT COMMITTEE

25 JUNE 2025

INTERNAL AUDIT ANNUAL REPORT – 2024/25

REPORT OF THE INTERNAL AUDIT MANAGER

1 Purpose of the Report

- 1.1 To inform the Committee about work undertaken by the Internal Audit Service during 2024/25 and to give an overall assessment and independent opinion on the effectiveness of both the Police and Crime Commissioner (PCC) and Chief Constable's internal control systems, risk management and governance arrangements to feed into the Annual Governance Statements for 2024/25.

2 Background

- 2.1 The audit plan for 2024/25 set out to meet the requirements of the UK Public Sector Internal Audit Standards (PSIAS) in providing a risk-based focus for the deployment of internal audit resources. The requirements of both the PCC and Chief Constable were taken into account when preparing the audit plan.
- 2.2 The audit plan also enables the Joint Chief Finance Officer to fulfil their delegated responsibility to maintain an adequate internal audit of financial affairs as required by Section 151 of the Local Government Act 1972.

3 Performance Management and Quality Assurance

- 3.1 There were 29 planned audits for 2024/25, final reports have been issued for 27 of these.
- 3.2 The 2024/25 audit plan allocated 2,260 hours to routine audits, and advice and liaison with the Force and OPCC. As of 31 March 2025 101% of the audit plan, in terms of actual audit hours against planned hours was achieved by the Internal Audit Service, against a target of 97.25%.
- 3.3 The Chief Constable has in place a framework of assurance, which includes Internal Audit, but also includes other audits and checks undertaken by employees.
- 3.4 The Internal Audit Service has a Quality Assurance and Improvement Programme in place which appraises:
- The quality of audit work;
 - The quality of supervision;

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- Compliance with PSIAS;
- Independence of the internal audit function
- Compliance with the Audit Service's local audit manual;
- The ways in which the Internal Audit Service benefits the PCC and Chief Constable; and
- Achievement of performance standards.

The work undertaken in 2024/25 was found to be compliant with the above.

- 3.5 The percentage of audits subject to quality review by the Internal Audit Manager varies but will not be less than 20% of all audits. During 2024/25 100% of audits were reviewed by the Internal Audit Manager. An action plan is in place for the continued development of the Internal Audit Service which accommodates any findings from these quality reviews.

4 Main Audit Findings

Overall Assessment & Independent Opinion

- 4.1 Of the 27 final audit reports issued, 25 concluded that systems and procedures in place were operating well and 2 concluded that systems and procedures were operating satisfactorily. One audit is at the draft report stage and one requires further testing. No work in progress is showing any issues that would impact on the opinion recorded in paragraph 4.4 below. A summary of these audits is attached at Appendix A.
- 4.2 The standard conclusions in audit reports are defined as:
- Operating well - where the system in place is effective and no recommendations or only a few best practice recommendations have been raised.
 - Satisfactory - where the system in place works, however there are medium priority recommendations.
 - Significant weakness - where the system in place is flawed and there are one or more high priority recommendations or a large number of medium priority recommendations. Also where little or no action has been taken since the previous audit.
- 4.3 Audit work has been focused on the completion of routine systems based audits. There have been no special investigations during the period under review and therefore no cases of suspected fraud or corruption.
- 4.4 Based on the evidence arising from internal audit activity during 2024/25, including work in progress and managements responses to recommendations, the PCC and Chief Constable's internal control systems and risk management and governance arrangements are considered to be effective.

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- 4.5 This overall assessment of the PCC and Chief Constable's internal control environment and governance arrangements by Internal Audit makes up a fundamental element of assurance for the Annual Governance Statement.

5 Equal Opportunities implications

- 5.1 It is considered that there are no equal opportunities implications arising from the report.

6 Human Rights implications

- 6.1 It is considered that there are no human rights implications arising from the report.

7 Risk Management implications

- 7.1 There are no additional risk management implications arising directly from this report. The audit plan supports the sustainability of adequate and appropriate resources.

8 Financial implications

- 8.1 There are no financial implications directly arising from this report.

9 Recommendation

- 9.1 The Committee is requested to note the findings set out in this report.

APPENDIX A

	2024/25 Audit Area	Status	Opinion (Current Year)
	Police & Crime Commissioner		
1	Grant Distribution	Final Report	Operating Well
2	Treasury Management	Final Report	Operating Well
	Chief Constable		
3	DP Security - Application & Data; Cyber; Infrastructure	Final Report	Operating Well
4	DP Resilience (incl.Cloud Computing & Data Centre)	Draft Report	
5	DP Information Management	In Progress	
6	ITIL Configuration and Change Management	Final Report	Operating Well
7	DP Governance and Risk Management	Final Report	Operating Well
8	Police Charities Fund	Final Report	Operating Well
9	Fleet Management	Final Report	Operating Well
10	Legal & Insurance Arrangements	Final Report	Operating Well
11	Firearms Licencing	Final Report	Operating Well
12	Property	Final Report	Satisfactory
13	Programme/Project Management	Final Report	Operating Well
14	Vetting	Final Report	Operating Well
	Combined Areas		
15	Creditors	Final Report	Operating Well
16	Procurement	Final Report	Satisfactory
17	Payroll & Pensions	Final Report	Operating Well
18	Main Accounting System	Final Report	Operating Well
19	Budgetary Control	Final Report	Operating Well
20	Pension Remedy	Final Report	Operating Well
21	Debtors	Final Report	Operating Well
22	Governance	Final Report	Operating Well
23	Information Governance & Data Security	Final Report	Operating Well
24	Annual Governance Statement - Review of Managers' Assurances	Final Report	Operating Well
25	Cash Advances & Income Arrangements	Final Report	Operating Well
26	Health & Safety	Final Report	Operating Well
27	Performance Management & Data Quality	Final Report	Operating Well
28	Equality & Diversity	Final Report	Operating Well
29	Key Partnerships - NEROCU	Final Report	Operating Well

JOINT INDEPENDENT AUDIT COMMITTEE	25 JUNE 2025
ANNUAL GOVERNANCE - PRIMARY AND THEMATIC ASSURANCE REVIEW – 2024/25	
REPORT OF THE JOINT CHIEF FINANCE OFFICER	

I PURPOSE

- 1.1 Each financial year a review of the effectiveness of the system of internal control is undertaken and Annual Governance Statements (AGS's) are prepared for both the Police and Crime Commissioner (PCC) and the Chief Constable (CC).
- 1.2 The following sets out the internal reviews carried out as part of the Annual Governance Review Framework, as reported to the Joint Independent Audit Committee (JIAC) on 24 February 2025.
- 1.3 The below elements of review have been considered in order to review the overall Governance Framework and propose the draft AGS's.

2 RECOMMENDATIONS

- 2.1 To note the content of this report as part of the production of the Annual Governance Statements (AGS's) assurance framework.

3 BACKGROUND

- 3.1 The Accounts and Audit Regulations 2015 require that the PCC and CC each conduct a review of the effectiveness of the systems of internal control and prepare individual Annual Governance Statements.

Assurance Framework

- 3.2 The assurance framework is made up from a number of sources that provide assurance on governance arrangements, and controls, that are in place to achieve each organisations strategic objectives.
- 3.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance based around a framework that sets out the steps by which assurance should be gathered to enable the production of an Annual Governance Statement for both the PCC and CC.
- 3.4 In preparation, the evidence from the following sources of assurance were reviewed in order to obtain assurance that the systems of internal control are operating as planned:

- **The system of internal Audit**
 - Review of the effectiveness of Internal Audit
 - Review of the effectiveness of Joint Independent Audit Committee
 - Internal Audit Annual Report
- **Senior Managers Assurance Statements**
- **Primary and Thematic Assurance**
 - Governance arrangements
 - Financial Controls - An assessment of the role of the CFO in accordance with best practice
 - Views of the External Auditor
 - HMICFRS and other external inspectorates
 - The legal and regulatory framework
 - Risk management arrangements
 - Performance management and data quality
 - CIPFA Financial Management Code self-assessment
 - JIAC Regulatory Framework Assurance
 - Other 'Thematic' sources of assurance, including:
 - Business Planning
 - Partnership arrangements and governance
 - Digital Policing Arrangements
 - Fraud, Corruption and Money Laundering
 - Wellbeing

3.5 From the above, the 'Systems of Internal Audit' and 'Senior Managers Assurance Statements Review' are considered elsewhere on this agenda.

3.6 The following sections outline how suitable assurance has been established from the 'Primary and Thematic' elements of the above list of sources of assurance.

3.7 Appendices have been included for each of the areas of Primary assurance and the CIPFA Financial Management Code, along with summaries for each of the Thematic areas.

Primary Assurance Framework Elements

3.8 Governance arrangements

- The PCC and CC have responsibilities for governance within the Office of the Police & Crime Commissioner (OPCC) and the Force in their own right. This means that there will be two freestanding processes within the Police Service for ensuring good governance. In most respects the principles and implementation will be the same for the PCC and the CC. There may be

however, areas specific to each corporation sole which will need to be reflected.

- Appendix (i) provides an overview of the assurance gained in relation to the Governance Arrangements. There were no areas identified to explicitly include within the draft AGS's.

3.9 Financial controls - An assessment of the role of the CFO in accordance with best practice

- Assurance has been sought from the Joint Chief Finance Officer (JCFO) to the PCC and CC. A self-assessment of whether best practice financial governance arrangements have been in place during the financial year 2024/25 has been completed by the JCFO for the purposes of the Annual Governance Statement (AGS). In accordance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).
- Appendix (ii) provides an overview of the assurance gained, there were no areas identified to explicitly include within the draft AGS's.

3.10 Views of the External Auditor

- A review was undertaken of the Joint Audit Findings Report (AFR) and the Auditor's Annual Report (AAR) for the 2023/24 financial year, in order to identify any recommendations to be implemented during 2024/25
- Appendix (iii) provides an overview of the assurance gained and confirms there are no issues to report which will have an impact on the Annual Governance Statement for 2024/25.

3.11 HMICFRS and other external inspectorates

- In addition to the HMICFRS and external inspectorate reports presented at each JIAC meeting. An annual review has been undertaken summarising the activities during 2024/25.
- Appendix (iv) provides an annual review of these external inspectorates. From the review, although there are some areas for improvement identified, there were no exceptions or risks to delivery identified during the year, for any of the recommendations or areas for improvement reported by HMICFRS, a comment to this effect has been included within the AGS's.

3.12 Legal and regulatory framework

- Assurance was sought from the PCC's Chief of Staff and the CC's Head of Legal, who have a legal duty within their own bodies to ensure the lawfulness and fairness of decision-making and ensure compliance with established policies, procedures, laws and regulations.

- Appendix (v) provides the outcome of the review; there were no items to include within the AGS's.

3.13 Risk Management

- The PCC and CC have established a joint approach to the consideration and management of risk, which ensures that both bodies have management arrangements in place. The Force's strategic risks are monitored at the Executive Board and reported alongside those of the OPCC at the joint Business Meeting and to the Joint Independent Audit Committee on a quarterly basis. The Joint PCC/CC Governance Group provides additional scrutiny and governance.
- Appendix (vi) provides an annual report for Risk Management, there were no items specifically identified which are required to be reflected within the AGS's.

3.14 Performance Management and Data Quality

- The performance management framework forms part of the assurance of senior managers on the key controls operating in their areas. In addition, there is a framework for reporting corporate performance management information, including oversight by the PCC.
- Appendix (vii) provides a summary of the assurance for Performance Management and Data Quality, there were no items specifically identified which are required to be reflected within the AGS's.

3.15 CIPFA FM Code Self-Assessment

- The CIPFA Financial Management (FM) Code self-assessment is attached at appendix (viii).
- The overall conclusion from the Financial Management Code self-assessment is Green and there are no matters that require disclosure in the Annual Governance Statement.

3.16 JIAC Regulatory Framework Assurance

- This report has been added to the Annual Governance Review after being recommended as part of last years review, which was agreed to by JIAC. The purpose of the report is to provide assurance relating to the Terms of Reference (ToR) of the JIAC (Regulatory Framework) where members are required to provide appropriate independent assurance to the PCC and CC.
- The full report is included in this pack a at appendix (ix).

Thematic Assurance Framework Elements

3.17 Business Planning

- The Force has an established business planning cycle that supports the prioritisation of business proposals and ensures that plans are aligned to the delivery of the Force Strategic Priorities and Police and Crime Plan and informs the Medium-Term Financial Planning process and subsequent resourcing plans.
- A summary of the assurance for Business Planning was considered and shared with JGG members, there were no items specifically identified which are required to be reflected within the AGS's.

3.18 Partnership arrangements and governance

- Assurance is also required in respect of any significant partnership arrangements, as they are key to the delivery of each body's objectives. For each partnership, aims and objectives are agreed at inception to determine that they support the vision and objectives of Northumbria Police and the Office of the Police and Crime Commissioner. Project management arrangements are put in place, with effective processes to enable achievement of these objectives and to effectively deliver against the Police and Crime Plan, and strategic aims of all partners.
- In 2024/25 the internal audit was undertaken for the Force's most significant partnership, the North East Regional Organised Crime Unit (NEROCU) which was assessed as 'Operating Well'.

3.19 Digital Policing Arrangements

- Assurance was sought as to the adequacy and robustness of information systems and information management arrangements, including the Digital Policing (DP) governance arrangements.
- The Joint Governance Group reviewed the annual DP Assurance Report at their meeting on 2 June 2025. The bullets below include extracts from that report which covers management, governance, compliance, risk and mitigation.
- A monthly DP Portfolio Governance Board (Digital Policing Board) is well established to provide joined up thinking and messaging across DP & the Executive Team. It also provides the appropriate governance arrangements to monitor service performance, ensure the provision, management and review of the organisation's DP Plan are consistent with the goals and objectives of the organisation. It is a decision-making authority which provides oversight and steering across the Digital Policing Function attended by the CTO, direct reports and key heads of service on request. The board is chaired by the Deputy Chief Constable.
- The Force Transformation Lead reports to the Deputy Chief Constable and provides a PMO (Programme Management Office) service to Digital Policing for Business and IT programme and project change.

- Annual IT Health Checks are undertaken by a contracted specialist service provider. Historically the penetration tests have consistently shown no vulnerabilities from attack from outside of the force's network.
- A National Monitoring Centre (NMC) is established as a centralised cross force monitoring service by the National Enablement Programme which monitors externally facing network activity, assessing Cyber threats and proactively coordinates threat response across forces. ITHC results and remediation plans are presented to Force Assurance Board for visibility.
- Following a sustained period of change the current Digital environment has been subject to some areas of strengthening and stability in terms of IT management and leadership. Further work is ongoing to ensure all services, capabilities, and appropriate controls are formalised, structured, and governed.
- The ongoing focus on digital maturity by way of continual improvement remains front and centre across all elements of the department. The Architecture and Business Engagement functions continue to facilitate the identification and assessment of force-wide digital improvement initiatives, and involvement with national projects such as Robotic Process Automation (RPA) are evidence of the appetite to drive digital maturity. Formalisation of the Data & Integration Services, Cloud Engineering, and Continual Development practices seek to exploit opportunities for modernisation and standardisation across the technical estate, ensuring value for money and technical sustainability can be achieved.
- Internal audits of Digital Policing for DP Security, DP Governance and Risk Management and ITIL Configuration and Change Management were all completed in 2024/25 and found to be Operating Well.
- The assurance review demonstrates that overall, across people, processes, and technology the assurance is in place and there is tangible evidence of significant improvement in governance, performance, and service capability within Digital Policing.

3.20 Fraud, Corruption and Money Laundering

- Fraud and Corruption – a statement was agreed at JGG confirming that there has been no fraud or corruption identified during the year.
- In consideration of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, and Money Laundering Reporting Officer under the Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005) - there were no cases identified or reported during the year.

3.21 Wellbeing

- A review was undertaken of the governance arrangements for Wellbeing in Northumbria and the delivery of the Wellbeing and People Plan, to provide

assurance around the commitment of the PCC and CC to Wellbeing. The review also covers compliance with Wellbeing national guidance and legislation.

- The review highlights that the Force has a good understanding of workforce wellbeing at both a departmental and team level, allowing plans to be aligned with this. The Force is confident that those plans address the needs of our people, and our occupational health service provides high quality support as reflected in our low levels of sickness absence.
- Northumbria Police's Wellbeing approach is compliant with national guidance and legislation. It is benchmarked against Police centric best practice and employer-led good practice such as the Police National Wellbeing Service, Blue Light Wellbeing Framework (BLWF) and Oscar Kilo Framework. The principles of the Stevenson / Farmer report "Thriving at Work" underpin our approaches and lessons have been learnt from other disciplines such as health and the evidence base in NICE guidance.
- A wellbeing assessment based on the Blue Light Wellbeing Framework and Mental Health at Work Commitment Standards identified that our focus in 2025 is on preventing psychological and physical health problems and supporting employees to thrive in the workplace.
- A summary of the Wellbeing governance arrangements was considered and shared with JGG members. There were no issues which need to be reflected within the AGS.

4. FINDINGS

- 4.1 No areas of non-compliance have been identified and therefore need to be disclosed in the 2024/25 AGS's.

5. CONSIDERATIONS

Freedom of Information	<i>Non-exempt</i>
Consultation	Yes
Resource	No
There are no additional financial considerations arising from this report.	
Equality	No
There are no equality implications arising from the content of this report.	
Legal	No
There are no legal considerations arising from the content of this report.	
Risk	No
There are no additional risk management implications directly arising from this report.	
Communication	Yes

AGENDA ITEM 12.d.

To be reported to the PCC and CC in-line with the Accounts and Audit Regulations 2015	
Evaluation	No

OTHER THEMATIC SOURCES OF ASSURANCE

GOVERNANCE ARRANGEMENTS

REPORT OF: HEAD OF CORPORATE DEVELOPMENT

I Overview of Area of Assurance

- 1.1 The Police and Crime Commissioner (PCC) and Chief Constable (CC) have responsibilities for governance within the Office of the Police and Crime Commissioner (OPCC) and the Force in their own right. This means there will be two freestanding processes within the police service for ensuring good governance. In most respects the principles and implementation will be the same for the PCC and the CC. There may; however, be areas specific to each corporation sole which will need to be reflected.
- 1.2 Governance arrangements are in place with the Police and Crime Commissioner at a Joint Business Meeting and Scrutiny Meeting.
- 1.3 The PCC and CC also have an established Joint PCC/CC Governance Meeting which meets four times per year and whose work is fully aligned with that of the Joint Independent Audit Committee (JIAC). The Group is resourced by individuals who have the appropriate knowledge, expertise and levels of seniority to consider all necessary and mandatory governance requirements on behalf of both corporate bodies.

2 Governance and Decision-Making Structure

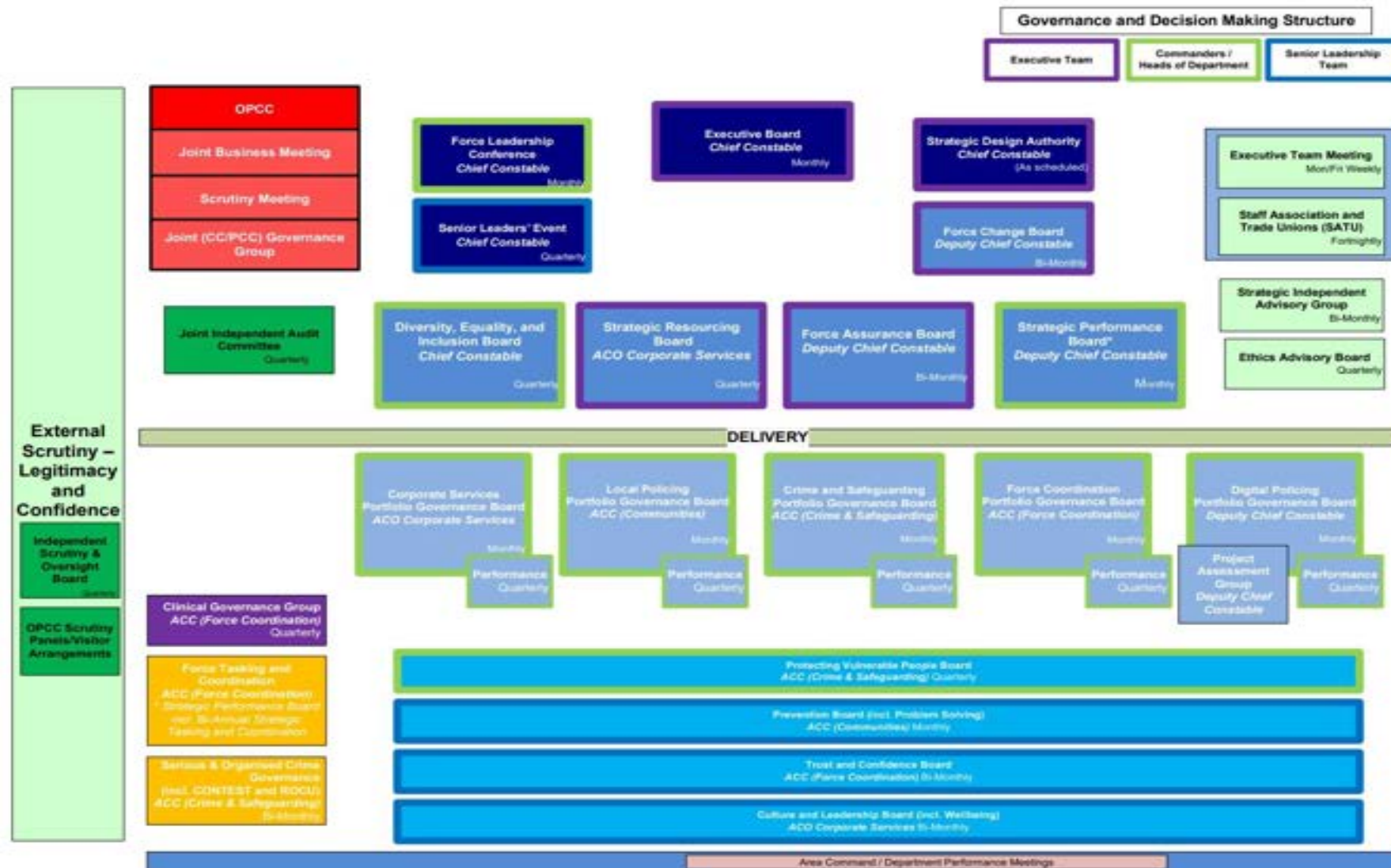
- 2.1 There are a range of boards and meetings to manage Force business, which have been subject to recent review. The Force's revised governance and decision-making structure is outlined in Annex A. There are defined key governance and stewardship arrangements in place for all meetings, with agreed terms of reference and frequency of meetings. Agenda notices and papers are circulated at least three working days before each meeting. All reports follow an agreed standard and there are templates to ensure consistency and all implications are considered. A Chief Officer or lead is identified as Chair, with agreed membership for all meetings. Minutes, or Notes, Action and Decision Sheets, are published to all members, with minutes of the Executive Board published externally on the Force's website.
- 2.2 **Executive Board** sets the direction of the Force by providing strategic leadership to ensure the achievement of the Force Strategy and delivery of the Northumbria Police vision, purpose and objectives having regard to the police and crime plan issued by the Northumbria Police and Crime Commissioner. This Board approves and monitors the Force's Medium Term Financial Plan, including future capital requirements; provides overall strategic direction for approved programmes; and ensures there is effective management of strategic risk.
- 2.3 **Strategic Performance Board** provides corporate oversight of performance and achievement of business delivery with membership at Chief Officer and Force Leadership level. This Board considers the Force Control Strategy and Strategic Tasking and Coordination bi-annually.

- 2.4 **Strategic Resourcing Board** oversees the delivery of the Forcewide Resourcing Strategy and plans across five areas: Demand, Design, Supply, Capacity and Capability. Additionally, the board will monitor the delivery of the estates, fleet and sustainability strategies.
- 2.5 The **Strategic Design Authority** identifies and directs corporate change programmes and supporting programmes of work, ensuring alignment with the Force Strategy and delivery of the Northumbria Police vision, purpose and objectives.
- 2.6 The **Force Change Board** identifies and directs corporate change programmes and projects to support the achievement of the Transformation Strategy, determining time and resource parameters. This Board oversees benefits realisation and evaluation of corporate programmes and projects, ensuring continuous improvement and shared learning are embedded in the organisation and risks to delivery are managed and identified.
- 2.7 **Force Assurance Board** ensures the Force learns and develops, has effective business assurance and audit processes in place to identify areas for improvement or risk, and govern the response, ensuring compliance with our legislative responsibilities is upheld.
- 2.8 **Diversity, Equality and inclusion Board** supports the Force Strategy to deliver an outstanding service to the community by providing an ethical, values based and inclusive organisation working effectively with partners. This Board ensures the Force delivers its statutory and legislative responsibilities relating to diversity, equality and inclusion in support of delivery of the National Police Chiefs' Council Diversity, Equality and Inclusion Strategy and delivery of the Code of Practice for Ethical Policing.
- 2.9 **Portfolio Governance Boards** ensure the highest practicable levels of efficiency, effectiveness and accountability in portfolio areas including several corporate areas of business, including risk management, organisational learning and Force policy and procedure.
- 2.10 A new **Clinical Governance Group** has been established to provide quality assurance for first aid training and support to Northumbria Police on medical matters. This will be informed and supported by an independent external partner who will also contribute to continuous promotion of best practice.
- 2.11 **Serious and Organised Crime Governance Group** continues to deliver strategic governance of the response to Serious and Organised Crime across Northumbria to ensure efficient and effective activity is delivered by the police and wider partnerships.
- 2.12 **Culture and Leadership Board** drives people performance, behaviours, and activities to deliver our strategic priorities in relation to culture, public service and sustainability through effective leadership. It ensures Northumbria Police continually builds, develops and looks after its workforce, encouraging an ethical, lawful and inclusive workplace.
- 2.13 **Prevention Board** ensures the focus on prevention is delivered by preventing and deterring crime, anti-social behaviour (ASB) and disorder through targeted crime prevention activity, collaborative problem solving, effective partnership working and

management of offenders at a Force, community and neighbourhood level including managing persons who are known to present a significant risk of harm to others.

- 2.14 **Protecting Vulnerable People Board** ensures we protect vulnerable victims, pursue priority offenders and identify opportunities for early intervention and prevention by maximising an effective coordinated partnership response, cognisant of diverse needs and vulnerabilities, to both support victims and tackle perpetrators.
- 2.15 **Trust and Confidence Board** will enhance public trust and confidence in Northumbria Police by ensuring effective and positive engagement with our communities and provide high standards of service delivery to all communities, whilst acting with transparency and accountability and being responsive to public needs.
- 2.16 Further consultation and advice is available from the Ethics Advisory Board, Executive Team Meeting, Senior Leaders' Event, Staff Association and Trade Union (SATU) meeting and Strategic Independent Advisory Group.
- 2.17 The Force benefits from a range of external scrutiny groups, which support the Force to act legitimately: treating people with fairness and respect and ensuring we act ethically and lawfully to build public trust and confidence. This includes an Independent Scrutiny and Oversight Board.
- 2.18 As part of the 2024/25 Audit Plan, approved by the Joint Independent Audit Committee, the audit of Governance Arrangements assessed the adequacy of current controls in operation to ensure that governance arrangements are effective and fit for purpose and in line with recommended practice, including the seven core principles detailed in CIPFA Code of Good Governance.
- 2.19 The audit found control systems are operating well and no findings have been raised.

Annex A – Force Governance and Decision-Making Structure



JOINT INDEPENDENT AUDIT COMMITTEE	25 JUNE 2025
PRIMARY ASSURANCE FRAMEWORK ELEMENT	
FINANCIAL CONTROL – AN ASSESSMENT OF THE ROLE OF THE CFO IN ACCORDANCE WITH BEST PRACTICE	
REPORT OF: GAIL THOMPSON, JOINT CHIEF FINANCE OFFICER	

I. Purpose

- 1.1. A self-assessment of whether best practice financial governance arrangements have been in place during the financial year 2024/25 has been completed by the Joint Chief Finance Officer for the purposes of the Annual Governance Statement (AGS). The assessment has been carried out in accordance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).

2. Background

- 2.1. The Chief Finance Officer (CFO) occupies a critical position in any organisation, holding the financial reins of the business and ensuring that resources are used wisely to secure positive results. Achieving value for money and securing financial stewardship are key components of the CFOs role in public service organisations, a duty enshrined in legislation for the CFOs appointed by Police and Crime Commissioner's (PCC) and Chief Constable's (CC).
- 2.2. The purpose of the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014) (The Statement), is to support CFOs in the fulfilment of their duties and to ensure that the PCC and CC have access to effective financial advice at the highest level.
- 2.3. The CIPFA Statement has five key principles as follows:
1. The CFO of the PCC and CC is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest.
 2. The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions (subject to the operational responsibilities of the Chief Constable) to ensure immediate and longer-term implications, opportunities and risks are fully considered and align with the overall financial strategy.
 3. The CFO must lead and encourage the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.

4. The CFO must lead and direct a finance function that is resourced to be fit for purpose.
5. The CFO must be professionally qualified and suitably experienced.
- 2.4. The Statement also sets out the governance requirements, CFO responsibilities and other skills and controls expected in detail for each of the five principles.
- 2.5. There is a '*comply or explain*' requirement in the AGS in relation to the requirements of this CIPFA Statement.
- 2.6. A detailed line-by-line self-assessment review of the Statement has been undertaken and can be found at APPENDIX A.

3. Findings

- 3.1. Where under existing arrangements a joint CFO has been appointed the reasons should be explained publicly in the organisations AGS, together with an explanation of how this arrangement delivers the same impact. As in previous years this has been reviewed and included within the 2024/25 AGS.
 - The PCC for Northumbria and the CC agreed to appoint a joint CFO for both organisations with effect from 29 March 2013. The reasoning was that a joint CFO role would provide both the PCC and CC with an efficient, effective, economic and better coordinated finance lead. The joint role is subject to the requirements, standards and controls as set out in the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).
 - The joint arrangement has now been in place for twelve full financial years. A detailed self-assessment to the Statement has been completed and has found the role to be working well.
- 3.2. No other areas of non-compliance have been identified for disclosure in the AGS.

CIPFA Assurance Statement - CFO Checklist 2024/25			
Completed 30/05/25			
ASSESSMENT	EVIDENCE	COMPLIANCE Y/N	
Principle 1			
The Chief Finance Officer of the PCC and CC is a key member of the Leadership			
Governance Requirements			
1.1	Ensure that a clear Statement is set out on the respective roles and responsibilities of the Leadership Team and its members individually.	See the Governance Framework	Y
1.2	Ensure that the CFO reports directly to the PCC or the CC (depending on which CFO is concerned), the PCCs or CCs for collaborated arrangements (depending on which CFO is concerned) is a member of the Leadership Team with a status at least equivalent to other members.	CFO is a member of the leadership board of both the PCC and CC and is shared between the two bodies. The Statement of Accounts and Annual Governance Statement (CC and PCC) includes narrative about the joint role, this was enhanced in 2015/16 based on advice received from Internal Audit, this will again be stated within the 2024/25 Statement of Accounts.	Y
1.3	If different organisational arrangements are adopted, explain the reasons publicly in the Annual Governance Statement (AGS), together with how these deliver the same impact.	The CFO jointly represents both the PCC and Chief Constable. These arrangements will be specifically highlighted within the AGS's. This review/assessment of the joint role will be used to evidence that statement.	Y
1.4	Determine a scheme of delegation/consent (PCC CFO in consultation with the CC CFO), and ensure that it is monitored and updated.	Scheme of delegation published in 2014 following the appointment of a joint CFO . Reviewed by the Joint Governance Group. Published as part of the Governance Framework on the OPCC website. Governance Framework last reviewed May 2025.	Y
1.5	Ensure that PCC and CC governance arrangements allow the CFO:		
	– To bring influence to bear on all material business decisions (accepting the operational responsibilities of the Chief Constable).	See the Governance Framework. The CFO is a member of the Force Executive Board which - sets the direction of the Force by providing strategic leadership to ensure the achievement of Force strategic priorities and objectives and delivery of the Northumbria Police purpose, vision and values. - monitors delivery of approved programmes, determining time and resource parameters.	Y
	– Provide direct access to the PCC and CC (as above), other leadership team members, the Audit Committee and internal and external audit.	See the Governance Framework / Finance and Contract Regulations. Joint CFO has regular one to one meetings with both the CC and PCC. Joint CFO attends the JIAC, is fully engaged with both the Chair of JIAC and Internal and External Audit on all relevant matters throughout the year.	Y
1.6	Ensure the scope of the CFO's other management responsibilities do not compromise financial responsibilities.	There are no conflicts arising.	Y
1.7	Ensure that consideration has been given to nominated deputy provision if either CFO is unable to discharge his/her responsibilities.	The Head of Finance is the Deputy CFO/S151 Officer reporting into the Groups Chief Finance Officer.	Y
1.8	Ensure the financial skills required by members of the Leadership Team enable their roles to be carried out effectively.	See the Governance Framework within which there is Finance and Contract Regulations.	Y
Core CFO responsibilities			
1.9	Contributing to the effective leadership of the PCC and CC, maintaining focus on its purpose and vision through rigorous analysis and challenge.	CFO is a member of the leadership boards of both the PCC and CC and is shared between the two bodies. Also attends the Joint Independent Audit Committee (JIAC), and is a member of the Joint Governance Group (JGG), Strategic Resourcing Board (SRB) and other key boards.	Y
1.10	Contributing to effective corporate management, including strategy implementation, cross organisational issues, integrated business and resource planning, risk management and performance management.	CFO is a member of the leadership boards of both the PCC and CC and is shared between the two bodies. Also attends the Joint Independent Audit Committee (JIAC), and is a member of the Joint Governance Group (JGG), Strategic Resourcing Board (SRB) and other key boards.	Y
1.11	Supporting effective governance through development of: – Corporate governance arrangements, risk management and reporting frameworks. – Corporate decision making arrangements.	CFO is a member of the leadership boards of both the PCC and CC and is shared between the two bodies. Also attends the Joint Independent Audit Committee (JIAC), and is a member of the Joint Governance Group (JGG), Strategic Resourcing Board (SRB) and other key boards.	Y

AGENDA ITEM 12.d.ii.

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
I.12	Contributing to change programmes including identifying service efficiencies and value for money opportunities.	CFO or delegated staff are key elements of such workgroups. In particular the CFO is a key member of executive board who make decisions around change programmes	Y
I.13	Leading development of medium term financial strategies and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery.	Financial Regulation 5 sets out the financial planning processes and responsibilities. Four year MTFS prepared and published along with the detailed year 1 estimated revenue and capital budgets each year. Latest reports March 2025.	Y
I.14	Ensuring that there are sound medium and long term financial plans for both revenue and capital to support the development of PCC and CC plans and strategies and that these are subject to regular review to confirm the continuing relevance of assumptions used.	Financial Regulation 5 sets out the financial planning processes and responsibilities. Four year MTFS prepared and published along with the detailed year 1 estimated revenue and capital budgets each year. Latest reports March 2025.	Y
I.15	Ensuring that advice is provided on the levels of reserves and balances in line with good practice guidance 6. (PCC CFO responsibility in consultation with the CC CFO)	See Financial Regulation 5.2 and 8 See MTFS and budget report (March 2025).	Y
I.16	Ensuring compliance with relevant CIPFA Codes including the Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code. (PCC CFO responsibility in consultation with the CC CFO)	See Financial Regulation 5.2 and 8 See MTFS, Capital Strategy, Reserves Strategy Statement and budget report (March 2025). Plus JIAC TM Strategy and Policy (March 2025).	Y
I.17	Ensuring that budget calculations are robust and reserves adequate, as required by s25 of the Local Government Act 2003, and in line with CIPFA guidance. (PCC CFO responsibility in consultation with the CC CFO)	See Financial Regulation 5.2 and 8 See MTFS and budget report (March 2025).	Y
I.18	Ensuring the medium term financial strategy reflects joint planning with partners and other stakeholders.	Financial Regulations 5.3 and 5.7. Four year MTFS prepared and published along with the detailed year 1 estimated revenue and capital budgets each year. Latest reports March 2025.	Y
Personal skills and professional standards			
I.19	Role model, energetic, determined, positive, robust and resilient leadership, able to inspire confidence and respect, and exemplify high standards of conduct.	Personal Development Review process.	Y
I.20	Adopt a leadership style, able to move through visioning to implementation and collaboration/consultation to challenge as appropriate.	Personal Development Review process.	Y
I.21	Build robust relationships both internally and externally.	Personal Development Review process.	Y
I.22	Work effectively with other Leadership Team members with political awareness and sensitivity.	Personal Development Review process.	Y
I.23	Support collective ownership of strategy, risks and delivery.	Personal Development Review process.	Y
I.24	Address and deal effectively with difficult situations.	Personal Development Review process.	Y
I.25	Implement best practice in change management and leadership.	Personal Development Review process.	Y
I.26	Balance conflicting pressures and needs, including short and longer term trade-offs.	Personal Development Review process.	Y
I.27	Demonstrate strong commitment to innovation and performance improvement.	Personal Development Review process.	Y
I.28	Maintain an appropriate balance between the deeper financial aspects of the CFO Role and the need to develop and retain a broader focus on the environment and stakeholder expectations and needs.	Personal Development Review process.	Y
I.29	Comply with the IFAC Code of Ethics for Professional Accountants, as implemented by local regulations and accountancy bodies, as well as other ethical standards that are applicable to them by reason of their professional status. The fundamental principles set out in the Code are integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. Impartiality is a further fundamental requirement of those operating in the public services.	Personal Development Review process.	Y

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
Principle 2			
The CFO must be actively involved in, and able to bring influence to bear on, all			
Governance Requirements			Y
2.1	Ensure that a medium term business and financial planning process is established to deliver PCC strategic objectives, including: – A medium term financial strategy to ensure sustainable finances. – A robust annual budget process that ensures financial balance. – A monitoring process that enables this to be delivered.	Budget preparation plan; timetable; 2024/25-2027/28 MTFS.	Y
2.2	Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used.	Budget preparation process. Engagement with CFO national network. Financial monitoring and reporting procedures in-year. Regular finance updates and discussion at PCC Finance meeting and Force Executive Board.	Y
2.3	Ensure that professional advice on matters that have financial implications is available and recorded well in advance of decision making and used appropriately.	Pay, Tax, Treasury Management and other advice taken as required. Examples available.	Y
2.4	Ensuring that budget calculations are robust and reserves adequate, in line with CIPFA's guidance and s25 of the Local Government Act 2003.(PCC CFO responsibility in consultation with the CC CFO).	See MTFS and budget report (March 2025).	Y
2.5	Ensure that those making decisions are provided with information that is fit for the purpose, relevant, timely and gives clear explanations of financial issues and their implications.	All Executive Reports contain a Financial Impact section; Specific Finance reports; Monthly Revenue budget monitoring reports and quarterly Group Revenue and Capital reports; JIAC reports etc.	Y
2.6	Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the PCC meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.	Specific Purpose Finance reports; Monthly Revenue budget monitoring etc. taken to OPCC meetings. Quarterly Group Revenue and Capital monitoring reports taken to the Joint Business Meeting.	Y
2.7	Ensure that the PCC and CC maintain a prudential financial framework; keep commitments in balance with available resources; monitor income and expenditure levels to ensure that this balance is maintained and take corrective action when necessary.	Monthly Revenue budget monitoring etc. taken to OPCC meetings. Quarterly Group Revenue and Capital monitoring reports taken to the Joint Business Meeting. Monthly Treasury Management monitoring to CFO; Annual TM Policy and Strategy, Mid-year TM report, and Annual TM Report to the PCC.	Y
2.8	Ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code. (PCC CFO responsibility in consultation with the CC CFO).	Financial Regulation 5.20 and 15. See MTFS and budget report, and JIAC TM Policy and Strategy report (Both March 2025).	Y
2.9	Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnerships arrangements, outsourcing or where the authority is acting in an enabling role.	Contained within the annual Internal Audit plan.	Y
2.10	Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance.	Regular revenue and capital monitoring reports brought to PCC and CC meetings.	Y
Core CFO responsibilities			
Responsibility for financial strategy:			
2.11	a) Ensuring that a financial framework is agreed and delivery is planned against the defined strategic and operational criteria. b) Maintaining a long term financial strategy to underpin PCC and CC financial viability within the agreed performance framework. c) Ensuring that commercial and collaborated opportunities are appraised and advising on financial targets and successful delivery. d) Ensuring that an effective resource allocation model is developed and maintained to deliver business priorities.	See MTFS and budget report (March 2025).	Y

AGENDA ITEM 12.d.ii.

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
2.12	Ensure financial management policies underpin sustainable long-term financial health and reviewing performance against them.	Financial Regulations.	Y
2.13	Taking a leading role on asset and balance sheet management.	Yes, including a forward balance sheet as part of Treasury Management planning and strategy preparation. TM Prudential Indicators monitored throughout the year including the new requirement for Debt Liability Benchmark prudential indicator.	Y
2.14	Ensuring that the planning and budgeting processes are fully co-ordinated.	Financial Regulations and annual MTFS and Budget setting process.	Y
Influencing decision making			
2.15	Ensuring that opportunities and risks are fully considered and decisions are aligned with the overall financial strategy.	Financial Regulations 9. MTFS report February 2024. A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Commissioner's financial position are identified. This is included in the annual MTFS report published on the OPCC website.	Y
2.16	Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.	PCC and CC Board meetings agenda and minutes - See key decisions on PCC website.	Y
2.17	Ensuring that efficient arrangements are in place and sufficient resources available to provide accurate, complete and timely advice to support strategy development.	PCC and CC Board meetings agenda and minutes.	Y
2.18	Ensuring that clear, timely, accurate information is provided as requested by the Police and Crime Panel.	PCP agendas and minutes.	Y
2.19	Ensuring that all necessary information is provided to the PCC when the Police and Crime Panel considers the budget and proposed precept. (PCC CFO responsibility in consultation with the CC CFO)	PCC Budget report and precept report February 2025.	Y
2.20	Ensuring that capital projects are chosen after evaluating a fully costed business case complied with input from all relevant professional disciplines and can be funded in the financial strategy.	Financial Regulations 7. MTFS March 2025.	Y
2.21	Checking, at an early stage, that innovative financial approaches comply with regulatory requirements.	CFO would pick up such approaches at senior meetings and would preview and review with Finance team. Regular direct meetings with both CC and PCC.	Y
Financial information for decision makers			
2.22	Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions.	Revenue and Capital Monitoring reports to PCC and CC.	Y
2.23	Ensuring that timely management accounts are prepared.	Monthly Monitoring timetable.	Y
2.24	Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.	Example: The partnership arrangement with the North-East Regional Organised Crime Unit (NEROCU), collaboration between the three Forces of Northumbria, Cleveland and Durham, is subject to a formal section 22a agreement and governance arrangements which ensure it is monitored regularly throughout the year. The CFO attends the Joint Committee meetings under the governance arrangements and regular finance reports are presented to both the Management Board and Joint Committee. Dedicated Note to the Financial Statements for both the Chief Constable and the Commissioner/Group which covers the collaboration arrangements as a Joint Operation and financial performance for the year.	Y

AGENDA ITEM 12.d.ii.

ASSESSMENT	EVIDENCE	COMPLIANCE Y/N
2.25 Take all reasonable steps to ensure that: <ul style="list-style-type: none"> – Budgets are planned as an integral part of strategic and operational management and are aligned with a structure of managerial responsibilities. – Responsibilities for budget management and control are unambiguously allocated, that commitments are properly authorised, and that budgets are related to clear objectives and outputs. – Accounting and financial information systems make available, at the relevant time to all users the appropriate information for their responsibilities and for the objectives of the PCC and CC. 	Coding structure aligns with responsibilities. with the move to a 6 AC structure there was a full review and realignment of cost centres structures to better serve the new model. Business Information Packs for revenue budget holders are available which include Power BI dashboards and access to analysis and trend data to provide comprehensive financial performance information for budget managers. within 2025/26 this will also be rolled out for Capital reporting.	Y
<ul style="list-style-type: none"> – Budgets are constructed on the basis of reliable data of past performance and rigorous assessments of future resources and commitments, and that policies and priorities are evaluated in an open, consistent and thorough manner. 	See budget preparation working papers. Where relevant the timeframes and budget plans are outlined in reportd for example in the Annual Report	Y
2.26 Ensure that other appropriate management, business and strategic planning techniques are implemented.	Personal Development Review.	Y
2.27 Link financial strategy and overall strategy (PCC CFO in consultation with the CC CFO).	Personal Development Review.	Y
2.28 Demonstrate a willingness to take and stick to difficult decisions – even under pressure.	Personal Development Review.	Y
2.29 Take ownership of the assessment of relevant financial risks.	Personal Development Review. MTFS and Budget Reports - Risk Assessment Annual Statement on the robustness of budget estimates and appropriate levels of reserves.	Y
2.30 Network effectively to ensure awareness of all material business decisions to which CFO input may be necessary.	Personal Development Review. PACCTS and NPCC engagement, CIPFA engagement, CIPFA AFEP/CFO Events participation	Y
2.31 Role model, persuasive and concise communication with a wide range of audiences internally and externally.	Personal Development Review.	Y
2.32 Provide clear, authoritative and impartial professional advice and objective financial analysis and interpretation of complex situations.	Personal Development Review.	Y
2.33 Apply relevant statutory, regulatory and professional standards both personal and organisational.	Personal Development Review.	Y
2.34 Demonstrate a strong desire to think innovatively and to add value.	Personal Development Review.	Y
2.35 Challenge effectively, and give and receive constructive feedback.	Personal Development Review.	Y
2.36 Operate with sensitivity in a political environment.	Personal Development Review.	Y

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
Principle 3			
The CFO must lead and encourage the promotion and delivery of good financial Governance Requirements			
3.1	a) Make the CFO responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records and accounts, and for maintaining an effective system of financial control. b) Ensure that systems and processes for financial administration, financial control and protection of resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice. c) Ensure that there is in place effective and appropriate internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes. Ensuring that these controls are an integral part of the underlying framework of corporate governance and that they are reflected in its local code.	Financial and contract regulations set out the responsibilities. Outcomes of Internal Audit Reports evidence performance External Audit AFR and AAR provide further evidence of performance.	Y
3.2	Address the arrangements for financial and internal control and for managing non-operational risk in Annual Governance Statements.	Joint PCC/CC Governance group, review and recommendation of the AGS's by JIAC.	Y
3.3	Ensure that annual accounts are published on a timely basis in accordance with professional and regulatory requirements in order to communicate activities and achievements, its financial position and performance.	See Statement of Accounts timetable. 2023/24 Accounts were signed off by the external auditor in February 2025. This met the statutory backstop deadline in place to deal with the backlog in public sector external audits. Accounts for 2025/26 are on-track to be published by the statutory deadline of 30 June 2025. This is the second year that the accounts will be audited by EY and interim work has already commenced.	Y
3.4	Ensure an effective internal audit function is resourced and maintained or where this is provided externally, the contractor is able to deliver the same standards.	Internal Audit provision under agreement with Gateshead MBC. Annual report on the effectiveness of Internal Audit presented at JIAC.	Y
3.5	Develop and maintain an effective Audit Committee.	Joint Independent Audit Committee agenda and minutes. Annual report by the Chair of the JIAC.	Y
3.6	Ensure, together with the leadership team, that the PCC and CC make best use of resources and that taxpayers and/or service users receive value for money.	Auditors Annual Report (AAR) and VFM report from external audit cover this in detail	Y
3.7	Ensure that appropriate financial competencies are embedded in key person specifications and appraisals.	Yes. See job descriptions. The force undertook a full job evaluation process for all roles across the force which was implemented during the 2022/23 financial year. All role profiles were reviewed and updated as part of that process, with consultation carried out with all staff on their individual role profile, key duties and responsibilities etc. and reviewed by senior management.	Y
3.8	Ensure the financial skills required by managers are assessed and developed to enable their roles to be carried out effectively.	There is no formal assessment framework in place. However all budget managers are provided with an introductory meeting when they first start to familiarise themselves with their budgets. Finance team members continue to support the budget managers with all budget related matters. Finance Master Classes available for budget and senior managers. Finance Lead (Partnerships, Projects and Capital Programme) - is a new role created in Finance which will lead on the provision of Financial Business Partnering to Heads of Department to implement and drive the principles of good financial governance and the improvement of Financial Acumen across the Force and OPCC.	Y
3.9	Ensure that roles and responsibilities for monitoring financial performance/budget management are clear, that they have adequate access to financial skills, and are provided with appropriate financial training on an on-going basis to help them discharge their responsibilities.	Budget managers are supported by members of the finance team. Finance Master Classes available for budget and senior managers. Finance Lead (Partnerships, Projects and Capital Programme) - is a new role created in Finance which will lead on the provision of Financial Business Partnering to Heads of Department to implement and drive the principles of good financial governance and the improvement of Financial Acumen across the Force and OPCC.	Y

AGENDA ITEM 12.d.ii.

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
Core CFO responsibilities			
Promotion of financial management			
3.10	Assessing financial management style and advising as to changes which may be needed to ensure it aligns with the PCC's strategic direction.	No formal assessment framework in place however feedback would be expected from peers. CIPFA FM Review has been completed and work will be undertaken through 2025/26 to review, develop an action plan and where appropriate implement recommendations.	Y
3.11	Actively promoting financial literacy.	<p>All budget managers are provided with an introductory meeting when they first start to familiarise themselves with their budgets. Finance team members continue to support the budget managers with all budget related matters after then. Business packs for Heads of Department provided monthly.</p> <p>As part of the 2020/21 business planning process it was agreed to enhance the senior level finance structure to create a new team dedicated to financial business partnering and to improve financial acumen and financial information available to budget managers.</p> <p>Full Departmental Business Planning was re-introduced during 2020 and continued in 2021, with senior level financial support provided to all Departments to ensure awareness of any financial implications of proposals and efficiencies. Priority Based Budgeting (PBB) was introduced in 2024/25 and all HofD and Area Commanders were provided with Review Manager Support by CDD and Finance Support from the Senior Finance Lead to develop their business planning/PBB proposals, and support them through the PBB process.</p> <p>There is also a continuous Financial Improvement Project in place, a key part of which is to simplify financial tasks and ensure managers are trained and equipped to carry out necessary tasks. As previously referenced the budget manager information packs were rolled out for revenue budget holders and in 2025/26 this will be rolled out for Capital budget holders.</p> <p>Finance modules were delivered in 2024/25 as input into Level 5 'Developing to Senior Leaders' programme. Treasury Management training presented to JIAC members. CIPFA AFEP membership subscription has provided significant enhanced opportunity for training courses for both Finance professionals and the wider department.</p>	Y
3.12	Assisting the development of a protocol which clearly sets out the roles and responsibilities for financial management, including delegated authority/powers.	See Financial Regulations and Contract Standing Orders.	Y
Value for money			
3.13	Challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with financial implications are notified to and as appropriate, for non-operational aspects, signed off by the finance function.	Financial implications required to be considered by CFO in all proposals.	Y
3.14	Ensuring that appropriate asset management and procurement strategies are developed and maintained.	Security of assets and procurement strategies are maintained. Records of assets, replacement dates, leases and valuations are all held and used to create the Statement of Accounts. The Head of Procurement is suitably qualified and reports directly to the CFO. Internal Audit annually for Asset Management.	Y
3.15	Taking a leading role on the identification of value for money opportunities.	CFO is a key member of the leadership team for both the OPCC and Chief Constable and takes a lead role in providing professional advice on delivering value for money. The CFO receives and responds to the annual joint AAR and VFM report issued by the external auditor.	Y
Safeguarding public money			
3.16	Applying strong internal controls in all areas of financial management, risk management and asset control.	See Financial Regulations and Contract Standing Orders.	Y
3.17	Explain the financial management arrangements within the Annual Governance Statement.	See the AGS(s).	Y
3.18	Establishing budgets, financial targets and performance indicators to help assess delivery.	See MTFS and Budget Report (March 2025).	Y

AGENDA ITEM 12.d.ii.

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
3.19	Ensuring that effective systems of internal control are implemented, these may include financial regulations, contract regulations, standing financial instructions, operating manuals, and compliance with codes of practice to secure probity.	Management and Internal Audit review. Work of Internal Audit. Annual Governance - Primary and Thematic Assurance Review - Review of the Effectiveness of Internal Audit and Internal Audit Annual Report.	Y
3.20	Ensuring that the PCC and CC have put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice.	Internal Audit plan / reviewed by JIAC. Annual Governance - Primary and Thematic Assurance Review - Review of the Effectiveness of Internal Audit and Internal Audit Annual Report.	Y
3.21	Ensuring that delegated financial authorities are respected.	Yes	Y
3.22	Promoting arrangements to identify and manage business risks (except for operational responsibilities of the Chief Constable), including safeguarding assets, risk mitigation and insurance.	Risk register, risk review reports and insurance policies.	Y
3.23	Ensure that capital projects are managed with post completion reviews.	Procedures for capital project management are reviewed in-line with the requirements to publish a Capital Strategy. Capital Strategy 2025/26 – 2028/29, published March 2025.	Y
3.24	Securing the application of appropriate discipline in financial management, including managing cash and banking, treasury management, debt and cash flow, with appropriate segregation of duties.	Structures employed, staff skills and checked by internal audit. Treasury Management Procedures (TMPs) are documented and reviewed annually by internal audit. Monthly TM reports include commentary and assurance regarding both compliance and performance, and also detailed cash flow forecasts which are updated daily and reviewed monthly by the Head of Finance. Treasury Management Strategy and Policy published March 2025. Annual and Mid-Year TM Reports. Advice from external Treasury Advisors Link Group. Scrutiny of TM reports by JIAC.	Y
3.25	Ensuring the effective management of cash flows, borrowings and investments of funds including those on behalf of others; ensuring the effective management of associated risks; pursuing optimum performance or return consistent with those risks. (PCC CFO responsibility in consultation with the CC CFO).	Treasury Management function resides with the Northumbria Police Finance Department. Daily cash flow management and monthly reporting with Head of Finance and CFO. Treasury Management Procedures (TMPs) are documented and reviewed annually by internal audit. Monthly TM reports include commentary and assurance regarding both compliance and performance, and also detailed cash flow forecasts which are updated daily and reviewed monthly by the Head of Finance. Treasury Management Strategy and Policy published March 2025. Annual and Mid-Year TM Reports. Advice from external Treasury Advisors Link Group. Scrutiny of TM reports by JIAC.	Y
3.26	Ensuring that appropriate measures exist to prevent and detect fraud and corruption.	Internal Audit, internal controls, whistle blowing, code of ethics, separation of duties, delegation under Financial and Contract Regulations.	Y
3.27	Ensuring that proportionate business continuity arrangements are established for financial processes and information.	Business continuity plan in place and suitable insurance cover exists.	Y
3.28	Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.	NEROCU Partnership is relevant to this and a proper governance framework is agreed and operated. S22a collaboration agreement in place setting out governance arrangements and NEROCU arrangements are included in the internal audit plan.	Y
Assurance and scrutiny			
3.29	Ensuring that financial performance of the PCC and CC and its partnerships is reported to the PCC and CC and other parties as required.	Regular budget monitoring reporting and finance monitoring support provided.	Y
3.30	Ensuring that financial and performance information presented to members of the public, the community and the media covering resources, financial strategy, service plans, targets and performance, is accurate, clear, relevant, robust and objective. Apart from operational matters which are the responsibility of the Chief Constable.	Quality control and peer review of any information published.	Y
3.31	Supporting and advising the Audit Committee.	Agenda and minutes from the JIAC.	Y
3.32	Ensuring that clear, timely, accurate advice is provided on what considerations can legitimately influence decisions on the allocation of resources, and what cannot.	Notes of meetings, minutes and reports.	Y
3.33	Ensuring that published budgets, annual accounts and consolidation data for government level consolidated accounts are prepared.	Budgets are published, MTFS published, completion of the Whole of Government Accounts included within the Statement of Accounts completion timetable. Government returns such as RA, RO, QRO, CPR, Police Pension Scheme Returns etc. are signed off by CFO, copies available.	Y

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
3.34	Ensuring that the financial Statements are prepared on a timely basis, meet the requirements of the law, financial reporting standards and professional standards as reflected in the Code of Practice on Local Authority Accounting in the United Kingdom developed by the CIPFA/LASAAC Joint Committee.	See Statement of Accounts completion timetable. Work of External Audit, Joint Audit Findings Report, Audit Opinion, Auditors Annual Report and VFM Report.	Y
3.35	Certifying the annual Statement of Accounts (PCC CFO and CC CFO for their separate accounts) and the group accounts (PCC CFO).	Certified by the CFO - see Statement of Accounts	Y
3.36	Ensuring that arrangements are in place so that other accounts and grant claims (including those where the PCC is the accountable body for community led projects) meet the requirements of the law and of other partner organisations and meet the relevant terms and conditions of schemes.	Claims for grants such as MOJ Victims Services Grant, Uplift Grant, VRU, Serious Violence etc are completed and available. Grants are reviewed annually by external audit and evidence provided regarding grant agreements. Grant information is published in the PCC Statements of Account each year in the relevant specific Notes to the Accounts.	Y
3.37	Liaising with the internal and external auditor.	Annual Internal Audit plan ; Regular liaison meetings held with the external auditors - see diary entries.	Y
Personal skills and professional standards			
In order to fulfil the aims of this Principle:			
3.39	CFOs should take all reasonable steps to ensure that:		
	– Effective systems and procedures operate to monitor progress against budgets and their objectives at regular intervals, and that appropriate reporting mechanisms are in place.	Budget monitoring process.	Y
	– That payments, including taxation, are made on time, accurately and in accordance with legal requirements.	Reconciliations and management review. Treasury Management cash payment monitoring, payroll and pensions BACS process email to decision makers prior to payment to confirm completed.	Y
	– Cash is handled with special care to avoid loss, particularly loss through theft and secure arrangements are in place to deal with the handling of electronic or other cash-less transactions.	Financial Regulations and management control. Work of Internal Audit.	Y
	– The accounting and financial information systems provide an accessible, complete, comprehensive, consistent and accurate record of financial transactions.	Management and system control. Systems accountants. Work of Internal Audit and External Audit.	Y
	– All financial reports are relevant, reliable and consistent, are compatible with the accounting and financial information systems available, at the relevant time to all users, the appropriate information for their responsibilities and for the objectives of the PCC and CC.	Management and system control. Systems accountants. Work of Internal and External Audit.	Y
	– Within the specific legislative framework, systems exist to secure the efficient and effective management of taxes, in particular to ensure that tax liabilities and obligations are properly reported and accounted for.	VAT, CIS, NI, Income tax and Apprenticeship Levy monitored and claims and payment deadlines diarised.	Y
	– Treasury management is carried out in accordance with CIPFA's treasury management code and that effective treasury management arrangements are in place. (PCC CFO in consultation with the CC CFO).	Treasury Management function resides with the Northumbria Police Finance Department. Daily cash flow management and monthly reporting with Head of Finance and CFO. Treasury Management Procedures (TMPs) are documented and reviewed annually by internal audit. Monthly TM reports include commentary and assurance regarding both compliance and performance, and also detailed cash flow forecasts which are updated daily and reviewed monthly by the Head of Finance. Treasury Management Strategy and Policy published March 2024. Annual and Mid-Year TM Reports. Advice from external Treasury Advisors Link Group. Scrutiny of TM reports by IAC.	Y
3.40	Generate 'buy-in' to, and support delivery of, good financial management.	High profile finance function and personal support.	Y
3.41	Assist in the promotion, and development of sustainable partnerships, and engage effectively in collaboration.	Collaboration and Partnership Strategy, May 2017. CFO is Finance Lead for the region - on NEROCU Joint Committee for significant collaboration with Durham and Cleveland aimed at tackling Serious and Organised Crime.	Y
3.42	Deploy effective facilitation and meeting skills.	Personal Development Review.	Y

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
3.43	Build and demonstrate commitment to continuous improvement and innovative, but risk-aware, solutions.	Weekly meetings with Deputy Head of Finance. Support and guidance to the Finance Improvement Programme and HRIT replacement programme. Membership of key delivery Boards	Y
3.44	Place stewardship and probity as the bedrock for management of PCC and CC finances.	Financial regulations and ethics.	Y
Principle 4			
The CFO must lead and direct, (as explained in this principle), a finance function that			
Governance Requirements			
4.1	Ensure that the finance function has the resources, expertise and systems necessary to perform its role effectively.	Staffing and resource structure, day to day management and Personal Development Reviews.	Y
4.2	Ensure that the role and responsibilities of the CFO, are suitably outlined and documented.	Job Specification. Role profile reviewed as part of the forcewide job evaluation programme.	Y
Core CFO responsibilities			
4.3	Ensuring that the finance function makes a full contribution to and meets the needs of the business.	Staffing and resource structure, day to day management and Personal Development Reviews.	Y
4.4	Ensuring that the resources, expertise and systems for the finance function are sufficient to meet business needs and negotiating these within the overall financial framework.	Staffing and resource structure. Capital investment in Finance systems.	Y
4.5	Ensuring that robust processes for recruitment of finance staff are implemented and/or outsourcing of functions.	Recruitment supported by Talent Acquisition - People Services.	Y
4.6	Reviewing the performance of the finance function and ensuring that the services provided are in line with the expectations and needs of its stakeholders.	Service plan monitoring and review of the SLA between PCC and CC.	Y
4.7	Seeking continuous improvement in the finance function.	Finance SMT meet regularly to review and deliver elements of the Finance Improvement Plan.	Y
4.8	Ensuring that finance staff, managers and the Leadership Team are equipped with the financial competencies and expertise needed to manage the business both currently and in the future.	Finance SMT meet regularly to review and deliver elements of the Finance Improvement Plan.	Y
4.9	Ensuring that responsibility for all finance staff is properly discharged.	Day to day management and Personal Development Review.	Y
4.10	Acting as the final arbiter on application of professional standards.	Yes	Y
Personal skills and professional standards			
In order to fulfil the aims of this Principle:			
4.11	Ensure a vision is created and communicated for the finance function.	Personal Development Review.	Y
4.12	Role model a customer focussed culture.	Personal Development Review.	Y
4.13	Promote an open culture, built on effective coaching and a "no blame" approach.	Personal Development Review.	Y
4.14	Promote effective communication between the finance department, PCC and with external stakeholders.	Personal Development Review.	Y
4.15	Apply strong project planning and process management skills.	Personal Development Review.	Y
4.16	Set and monitor meaningful performance objectives for the finance team.	Personal Development Review.	Y
4.17	Role model, as required, for effective staff performance management.	Personal Development Review.	Y
4.18	Coach and support staff, as required, in both technical and personal development.	Personal Development Review.	Y
4.19	Promote high standards of ethical behaviour, probity, integrity and honesty.	Personal Development Review.	Y
4.20	Ensure, when necessary, that outside expertise is called upon for specialist advice not available within the finance function.	Personal Development Review.	Y
4.21	Promote discussion on current financial and professional issues and their implications.	Personal Development Review.	Y
Principle 5			
The CFO must be professionally qualified and suitably experienced.			
Governance Requirements			
5.1	Appoint as an employee, or engage under a contract for services, a professionally qualified CFO whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood.	CFO in post. Significant experience and role understood.	Y

AGENDA ITEM 12.d.ii.

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
5.2	Ensure that the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of their role.	Part of appointment process.	Y
Personal skills and professional standards			
In order to fulfil the aims of this Principle:			
5.3	Be a member of an accountancy body recognised by the International Federation of Accountants (IFAC), qualified through examination, and subject to oversight by a professional body that upholds professional standards and exercises disciplinary powers.	CIPFA.	Y
5.4	Adhere to international standards set by IFAC on:		
	– Ethics.	Yes.	Y
	– Continuing Professional Development.	CPD record.	Y
5.5	Demonstrate IT literacy.	Personal Development Review.	Y
5.6	Have relevant prior experience of financial management in the public services or private sector.	Significant experience in the public sector, both policing and local government.	Y
5.7	Understand public service finance and its regulatory environment.	Significant experience in the public sector, both policing and local government.	Y
5.8	Apply the principles of corporate finance, economics, risk management and accounting.	Personal Development Review.	Y
5.9	Understand personal and professional strengths.	Personal Development Review.	Y
5.10	Undertake appropriate development or obtain relevant experience in order to meet the requirements of the non-financial areas of the role.	Personal Development Review.	Y

JOINT INDEPENDENT AUDIT COMMITTEE	25 JUNE 2025
PRIMARY ASSURANCE FRAMEWORK ELEMENT – EXTERNAL AUDITOR ASSURANCE	
GAIL THOMPSON, JOINT CHIEF FINANCE OFFICER	

I. Purpose

- 1.1 To review the Joint Audit Results Report (ARR) and Joint Auditor’s Annual Report (AAR) for the 2023/24 financial year and note any governance issues arising.

2. Background

- 2.1 Our external auditors Ernst & Young LLP (EY) issued their Joint Audit Results Report (ARR) 2023/24 for the Chief Constable and Commissioner in February 2025. The report was presented to JIAC for review on 24 February 2025, and has been published on Force and OPCC websites along with the audited Statements of Account 2023/24.
- 2.2 The Joint Auditor’s Annual Report (AAR) 2023/24 was issued in May 2025 and is included on the JIAC agenda today for review.
- 2.3 We have used the Joint AFR and AAR reports for the purpose of monitoring our governance arrangements. Both reports were reviewed to assess any recommendations in relation to the completion of the Statutory Accounts and to identify any potential governance issues which should be included within the Annual Governance Statement for 2024/25.

Findings

- 2.4 Based on a review of the Joint ARR for the 2023/24 financial year, there are no issues to report which will have an impact on the Annual Governance Statement for 2024/25.
- 2.5 In the AAR our external auditors are required to consider whether the Police and Crime Commissioner and Chief Constable have put in place proper arrangements to secure economy, efficiency, and effectiveness in their use of resources and to identify whether there are any risks of significant weakness in those arrangements.
- 2.6 The National Audit Office (NAO) requires the external auditor to assess arrangements under three areas:
- Financial Sustainability
 - Governance
 - Improving Economy, Efficiency, and Effectiveness
- 2.7 The AAR 2023/24 concludes that for each area there were no significant weaknesses identified and no improvement recommendations were raised.

- 2.8 Based on a review of the Joint AAR for the 2023/24 financial year, there are no issues to report which will have an impact on the Annual Governance Statement for 2024/25.

3. Considerations

Government Security Classification	OFFICIAL
Freedom of Information/ Report Exemption	Non-exempt
Consultation	
ARR and AAR Reviewed by JIAC	
Resources	
N/A	
Code of Ethics	
N/A	
Equality	
N/A	
Legal	
N/A	
Risk	
N/A	
Communication	
ARR and AAR Reviewed by JIAC and Published on Force/OPCC Websites	
Evaluation	
N/A	

OTHER THEMATIC SOURCES OF ASSURANCE

HMICFRS AND OTHER EXTERNAL INSPECTIONS

REPORT OF: HEAD OF CORPORATE DEVELOPMENT

I Overview of Area of Assurance

- 1.1 There are a number of external inspectorate and audit bodies, including HMICFRS and the Information Commissioner's Office, which report on inspection, investigation and audit findings within the Police Service.

2 Summary of Assurance

- 2.1 All HMICFRS inspection and investigation reports and other external inspection and audit reports are considered by the Executive Team. A lead is appointed to review 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 Joint Business Meeting to inform any statutory response to inspection activity required under section 55 of the Police Act 1996.
- 2.2 The respective owners regularly review all activity. Delivery is overseen by the relevant Chief Officer Lead, with further oversight at the bi-monthly Force Assurance Board and scrutiny at the Executive Board.
- 2.3 In accordance with the Police and Crime Commissioner's (PCC's) statutory role, to secure an efficient and effective police force for Northumbria and hold the Chief Constable to account for its running, the PCC receives progress updates against the recommendations and AFIs referenced in all HMICFRS inspection reports at the Scrutiny Meeting of the Office of the Police and Crime Commissioner (OPCC). The Commissioner is aware of the issues raised by HMICFRS and is, therefore, also able to consider these in other elements of the Scrutiny Programme on an ongoing basis.
- 2.4 A summary of recent external inspection reports and an overview of the process in place to manage the Force's response is provided quarterly to the Joint Independent Audit Committee.
- 2.5 Each report results in an agreed set of actions, with timescales and a plan for delivery. HM Inspectors decide one of four levels of follow-up activity that the inspectorate will take on allocated recommendations or AFIs:
- Level 1: No force self-certification, no follow-up activity required;
 - Level 2: Force self-certifies that the recommendation or AFI is complete, no follow up activity conducted by HMICFRS;
 - Level 3: Force self-certifies that the recommendation or AFI is complete, HMICFRS follow-up via the next relevant planned inspection; and
 - Level 4: No force self-certification, HMICFRS follow-up via further bespoke fieldwork.
- 2.6 Corporate Development Department acts as the central liaison point for all HMICFRS related matters. Regular contact is maintained with HMICFRS to update on progress and allow for a review of the activities undertaken.

- 2.7 The HMICFRS Monitoring Portal is used by HMICFRS to monitor forces' response to findings raised through inspection activities. It includes causes of concern and recommendations made to police forces by HMICFRS and AFIs.
- 2.8 All outstanding recommendations in response to two reports (Annex B) have been finalised during the year.
- 2.9 In total, thirty-five recommendations were closed during 2024/25. An additional three Level 3 recommendations and two Level 3 AFIs are considered complete by the Force, but are awaiting HMICFRS verification.
- 2.10 At the end of March 2025 there were 51 open recommendations – Level 2 (35) and Level 3 (16) and 12 AFIs – Level 2 (one) and Level 3 (11) on the monitoring portal subject to ongoing Force activity in response to twenty HMICFRS inspections (see Annex A for a list of associated reports).
- 2.11 There has been one report following investigation by HMICFRS into a super-complaint published during the year. The Force position against all recommendations made in response to super complaints is provided to the relevant National Police Chiefs' Council lead with responsibility for providing the national police response to the super complaint team within HMICFRS; two responses have been published (see Annex C for a list of publications).

Annex A – HMICFRS Inspection Reports

- 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 16 July 2021)
- Police response to violence against women and girls – Final inspection report (published 17 September 2021)
- A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders (published 17 November 2021)
- PEEL 2021/22 – An inspection of Northumbria Police (published 22 September 2022)
- An inspection of vetting, misconduct, and misogyny in the police service (published 2 November 2022)
- An inspection into how well the police and other agencies use digital forensics in their investigations (published 1 December 2022)
- An inspection of the north-east regional response to serious and organised crime (published 7 December 2022)
- An inspection of how well the police and National Crime Agency tackle the online sexual abuse and exploitation of children (published 5 April 2023)
- PEEL Spotlight - Police performance: Getting a grip (published 7 July 2023)
- An inspection of how effective police forces are in the deployment of firearms (published 11 July 2023)
- Homicide prevention: An inspection of the police contribution to the prevention of homicide (published 11 August 2023)
- Race and policing: An inspection of race disparity in police criminal justice decision-making (published 25 August 2023)
- A report into the effectiveness of vetting arrangements in Northumbria Police (published 21 September 2023)
- An inspection of the effectiveness of the police and law enforcement bodies’ response to group-based child sexual exploitation in England and Wales (published 8 December 2023)
- Meeting the needs of victims in the criminal justice system (published 19 December 2023)
- National Crime Agency inspection – Vetting and anti-corruption part 2: How effective is the National Crime Agency at dealing with corruption (published 30 April 2024)

- Progress to introduce a national operating model for rape and other serious sexual offences investigations (published 22 August 2024)
- An inspection into activism and impartiality in policing (published 10 September 2024)
- The policing response to antisocial behaviour: PEEL spotlight report (published 10 October 2024)
- An inspection into how effectively the police investigate crime (published 27 March 2025)

Annex B – HMICFRS Inspection Reports Finalised

- The police response to burglary, robbery and other acquisitive crime (published August 2022)
- An inspection of how well the police tackle serious youth violence (published March 2023)

Annex C – Super Complaints

- Report on the Suzy Lamplugh Trust's super-complaint: The police response to stalking (published 27 September 2024)
- Responses to the super-complaint from the Criminal Justice Alliance about police use of stop and search (published 13 May 2024)
- Responses to the super-complaint report on the police response to stalking (published 8 January 2025)

JOINT INDEPENDENT AUDIT COMMITTEE	25 JUNE 2025
PRIMARY ASSURANCE FRAMEWORK ELEMENT – JIAC (REGULATORY FRAMEWORK) ASSURANCE	
REPORT OF: JOINT CHIEF FINANCE OFFICER	

1. Purpose

- 1.1 To provide assurance relating to the Terms of Reference (ToR) of the JIAC (Regulatory Framework) where members are required to provide appropriate independent assurance to the PCC and CC.

2. Background

- 2.1 As part of the Annual Governance Review for 2023/24 considered at the JIAC meeting on 20 May 2024 members agreed that a further assurance report would be added to the Annual Governance Review to recognise those areas under the Terms of Reference (ToR) of the JIAC (Regulatory Framework) where members are required to provide appropriate independent assurance to the PCC and CC, relating to:
- The Scheme of Consent in respect of contract procedures and rules, financial regulations and codes of conduct and behaviour.
 - Codes of Governance and Policies relating to declarations of interest, gifts and hospitality, whistle blowing, counter fraud and corruption and any other relevant areas under the ToR – Regulatory Framework section.
- 2.2 The duties of JIAC members under the ToR (Regulatory Framework) are to ensure that there is an effective regulatory framework and evidence of compliance with mandatory and best practice standards, and to provide appropriate independent assurance to the PCC and CC.

Findings

- 2.3 At the JIAC meeting on 23 September 2024 the Committee were provided with an overview of their duties under the ToR (Regulatory Framework).
- 2.4 The following areas were provided for information and review:
- Scheme of Consent in respect of contract procedures, rules, financial regulations and codes of conduct, as published in the Governance Framework on the OPCC website.
 - Declarations of Interest - Force Policy and register of interests published on Force and OPCC websites.
 - Gifts, Gratuities and Hospitality - Force Policy and registers as published on Force and OPCC websites.

- Code of Ethics
 - Code of Practice for Ethical Policing
 - Information on Force Governance Boards - Trust and Confidence Board and Ethics Advisory Board
 - Whistleblowing (Reporting Wrongdoing) Procedure
 - Police Anti-Corruption and Abuse Reporting Service
 - Crimestoppers
 - OPCC Confidential Reporting Policy
 - Force P&DR process and annual mandatory Integrity Health Check.
 - Internal audit of Counter Fraud and Corruption arrangements.
- 2.5 Committee members raised a number of questions around areas such as conflict of interests and whistleblowing procedures at the meeting.
- 2.6 There were no matters or concerns raised by the Committee which would impact on the Annual Governance Statements.

3. Considerations

Government Security Classification	OFFICIAL
Freedom of Information/ Report Exemption	Non-exempt
Consultation	
As noted in the report	
Resources	
N/A	
Code of Ethics	
Covered in the report	
Equality	
N/A	
Legal	
Covered in the report	
Risk	
N/A	
Communication	
N/A	

Evaluation
N/A

JOINT INDEPENDENT AUDIT COMMITTEE	25 JUNE 2025
PRIMARY ASSURANCE FRAMEWORK ELEMENT – GOVERNANCE ARRANGEMENTS (LEGAL AND REGULATORY SERVICES)	
REPORT OF: CHIEF OF STAFF AND MONITORING OFFICER AND JOINT CHIEF FINANCE OFFICER	

1. Purpose

- 1.1 To obtain assurance that there were no governance issues arising during 2024/25 in relation to Legal and Regulatory services.

2. Background

- 2.1 The key framework for Policing Bodies governance arrangements is the CIPFA publication '*Delivering Good Governance 2016*'. This defines the principles that underpin the governance of each organisation and provides a structure to help organisations with their approach to governance.

One of the key principles contained within the framework is that the organisation behaves with integrity, demonstrating a strong commitment to ethical values and respecting the rule of law. Assurance has been obtained to ensure there are no issues in respect of the legal and regulatory framework within which the Police and Crime Commissioner (PCC) and Chief Constable (CC) have operated.

- 2.2 Legal and regulatory assurance can be demonstrated by:

- Establishment of a Joint PCC/CC Governance Group which meets four times per year, at which during 2024/25 any governance or legal issues arising from the previous meetings are discussed and appropriate action taken.
- Compliance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).
- Compliance with The Elected Local Policing Bodies (Specified Information) Order 2021. This order sets out information that PCCs are required to publish on their website to allow the public to hold them to account.
- The establishment of a '*Governance Framework*' including general principals of delegation, Financial Regulations, and Contract Regulations.
- Establishment of organisational policies and procedures in-line with legal and regulatory guidance. Publicised and maintained on the Force Instructional Information System (IIS).
- Assurance obtained from the Head of Legal Services that there are no legal issues arising during 2024/25 which the PCC and CC are not aware of or disclosed as part of the annual statement of accounts as a contingent liability.

Findings

- 2.3 Based on the above procedures and assurances there are no issues to report which will have an impact on the Annual Governance Statements for 2024/25.

3. Considerations

Government Security Classification	OFFICIAL
Freedom of Information/ Report Exemption	Non-exempt
Consultation	
Consultation undertaken by the Chief Finance Officer with the Head of Legal Department and OPCC Chief of Staff	
Resources	
N/A	
Code of Ethics	
Covered in the report	
Equality	
N/A	
Legal	
Covered in the report	
Risk	
N/A	
Communication	
N/A	
Evaluation	
N/A	

RISK MANAGEMENT ARRANGEMENTS – ANNUAL REPORT

REPORT OF: HEAD OF CORPORATE DEVELOPMENT

I Overview of Area of Assurance

- 1.1 To provide an overview of the management of strategic risk contained within the Police and Crime Commissioner (PCC) and Chief Constable's Joint Strategic Risk Register (JSRR).

2 Summary of Assurance

- 2.1 The PCC and CC have an established joint approach to the consideration and management of risk, which ensures both bodies have management arrangements in place. Each strategic risk is assigned an owner(s) from the Force's Executive Team or Office of the Police and Crime Commissioner (OPCC) as appropriate, who has responsibility for the management of existing controls and the implementation of new controls, where necessary.
- 2.2 Area Commanders, Department Heads and OPCC officers are responsible for the identification of emerging risks which cannot be controlled locally and have the potential to prevent the Force and PCC from achieving objectives.
- 2.3 The Force's strategic risks are monitored at the Executive Board and reported alongside those of the OPCC at the Joint Business Meeting and to the Joint Independent Audit Committee on a quarterly basis. The Joint PCC/CC Governance Group provides additional scrutiny and governance.
- 2.4 The JSRR identifies each risk, provides context to the risk and identifies current factors affecting thematic risk 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.
- 2.5 All risks are regularly reviewed by their respective owners throughout the year in response to the changing environment to provide additional assurance and help to reduce the likelihood and impact of risks.

Overview

- 2.6 At the annual review of risk management, one further thematic risk area was added for Projects/Programmes as there is a significant change programme underway to deliver benefits for both the public and our people, requiring investment in new technology, systems, kit and people. The overall risk is assessed as Medium.
- 2.7 This brings the total to thirteen:
- A. Digital Policing
 - B. Finance
 - C. Governance
 - D. Information and Data Management
 - E. Information and Data Quality
 - F. Infrastructure & Assets

- G. Operational Policing
- H. Partnership & Collaboration
- I. Projects/Programmes
- J. Public Confidence
- K. Regulation & Standards
- L. Strategy
- M. Workforce

(Risks are recorded alphabetically and alphabetised for ease of reference only.)

- 2.8 The overall assessment of risk in each of the thematic risk areas has remained the same with the exception of the assessment of risk for the Operational strategic risk area. Following a review of major incident readiness, the likelihood of the risk was reassessed, increasing the overall risk rating from Medium to High.
- 2.9 Five areas are assessed as high risk: Digital Policing; Finance; Information and Data Management; Operational; and Workforce.
- 2.10 The Northumbria Police Risk Appetite Statement, which sets out the amount of risk the Force is prepared to accept, tolerate, or be exposed to at any point in time for each of the thematic areas was also reviewed.
- 2.11 The current risk position i.e. the risk level at which the Force was currently operating was assessed as being within the Tolerable risk position in all areas.
- 2.12 Overall, Northumbria Police remains committed to increasing its appetite to risk in order to achieve the Force's purpose, vision and strategic objectives.

OTHER THEMATIC SOURCES OF ASSURANCE

PERFORMANCE MANAGEMENT AND DATA QUALITY – ANNUAL REPORT

REPORT OF: HEAD OF CORPORATE DEVELOPMENT

I Overview of Area of Assurance

- 1.1 A Force Performance Management Framework is in place to manage performance and achievement of Force priorities and delivery of the Police and Crime Plan. This also includes oversight by the Office of the Police and Crime Commissioner (OPCC). In addition, performance management and data quality forms part of the assurance of senior managers on the key controls operating in their areas.

2 Summary of Assurance

Performance Management

- 2.1 The Strategic Performance Board, chaired by the Deputy Chief Constable, is the Force's primary meeting to drive and manage performance and achievement of Force Priorities, supporting delivery of the Police and Crime Plan. The Strategic Performance Board is part of the Force's governance and decision-making structure and is supported by a number of thematic boards and Portfolio Governance Boards – chaired by a member of the Executive Team.
- 2.2 Performance is considered against the Force Priorities and the Police and Crime Plan and is presented using a Balanced Scorecard, which includes:
- **Service** – Build trust and confidence by providing the right response to the public, investigating crime and tackling ASB effectively
 - **Prevention** – Work in partnership to help safeguard the community, improve people's lives and protect the most vulnerable
 - **Culture** – Ensure Northumbria Police is a great place to work by creating a supportive and inclusive culture, enabling high performing teams
 - **Innovation** – Encourage new thinking and innovative problem-solving to deliver policing priorities
 - **Sustainability** – Deliver a sustainable, resilient and collaborative organisation that is future-focused, and maximises value for the public
- 2.3 Performance is considered in a number of ways, for example:
- Performance compared to previous years.
 - Performance compared to agreed service standards.
 - Performance compared to peers (most similar family of forces or nationally).
 - Performance trend over time (typically a rolling 24 months).
 - Performance measured against key national crime and policing priorities.
- 2.4 A Scrutiny meeting is held by the Police and Crime Commissioner. These meetings provide the opportunity to monitor progress against the Police and Crime Plan, as well as consider other areas such as compliance with the Strategic Policing

Requirement, compliance with standards, such as use of force and stop and search, and progress against improvement plans. Performance against the Police and Crime Plan is reported to the Police and Crime Panel. There are also a range of external scrutiny groups, including a substantive Independent Scrutiny and Oversight Board.

- 2.5 As part of the Audit Plan, approved by the Joint Independent Audit Committee, the audit of performance management was carried as part of the audit plan for 2024/25, completed by the Gateshead Internal Audit Team. The audit found systems and controls are operating well and no findings were raised.
- 2.6 As part of the Force's Transformation Programme, the Force continues to develop and implement a business intelligence system. This system increases the accessibility and quality of meaningful and timely business and operational intelligence, supporting the ambition to transform the Force into a data-driven organisation. A number of applications have been developed to-date.
- 2.7 The Force has invested into a new training programme called the Police Leadership Framework (PLF) which changes the way we deliver leadership across policing. The leadership training is based on leadership standards that are derived from the Code of Ethics. The training is aligned to national leadership standards and the Force's leadership development framework. This is designed to improve leadership skills and confidence and is a key enabler in improving performance management using a multi-level tailored programme of content for all roles.

Information Management

- 2.8 The Force has an established Information Management Department (IMD) recognising the statutory requirement and underpinning business need for this provision. The unit has a range of responsibilities for both the Force and the OPCC, primarily relating to data protection, information security and records management; this also extends to other key responsibilities for statutory functions such as subject access, freedom of information, family proceedings, the Disclosure and Barring service and the PNC Bureau.
- 2.9 IMD also has responsibility for a number of other information management related functions, including:
 - Records Management
 - Information Systems Audit
 - Records Review Team
 - Information Security
- 2.10 The demand and expectations on information management both within the organisation and also externally from regulatory bodies and partner agencies has grown significantly in response to achieving compliance, and also professionalising and formalising business processes. Information management is acknowledged as a core component of operational delivery across the Force.
- 2.11 In parallel to the core operational delivery of the information management service, there is work ongoing to embed information management services within the Force's

transformational change programmes. This extends to both technology and business change programmes operating within the Transformation Programme, and also locally at Department/Area Command Level.

- 2.12 There is significant investment in information technology to ensure there is the capability and capacity to maintain existing technology, and implement new technology, which forms part of the Transformation Programme. This includes consideration of resource to manage and maintain appropriate levels of data quality where the focus is on local electronic systems which significantly contribute to national data systems such as the PNC and the PND. The Force is also considering the impact of the implementation of NicheRMS in respect of data quality and assessment is being undertaken to consider whether there are any implications which require additional focus and resource.
- 2.13 In addition to the measures implemented to managed elements of electronic data quality, it is also recognised that there has been good progress made with physical data held in long term storage facilities. IMD has managed a project to review all data held in long term storage attributing relevant retention periods to all of the data held and taking control of the ongoing management of these records. The project resulted in significant reductions in terms of storage requirements and costs. The approach is to be replicated in respect of multi exhibit assets.
- 2.14 The Force is part of a national programme being rolled out to improve the quality and reduce effort required to produce the Annual Data Return (submission of data to the Home Office). The programme uses a system called National Data Quality Improvement Service (NDQIS) which is an established data quality tool provided by Datactics, funded through the Serious Violence Fund. This is initially focused on knife crime data returns but will expand to include other crime types in the future.
- 2.15 Information Commissioner's Office (ICO) undertook audits in 2020 and latterly in 2023 to determine the extent to which the Force is complying with data protection legislation. The scope of the audit was:
 - Data protection governance and accountability
 - Staff data protection training and awareness
 - Security of personal data
 - Requests for personal data and data portability
 - Information sharing
 - Records management
 - Data Protection Impact Assessments and information risk management
 - Data Breaches and Management
- 2.16 An action plan was developed in response to the findings of the audit and this has now been accepted and closed by the ICO, where progress was recognised.
- 2.17 The later audit focussed on the Force's Breach Management approach and associated policy, procedures and supportive documentation. The Force was commended by the ICO on its holistic approach, and in particular the risk assessment process and the inception of additional bespoke training packages for all staff. The audit found control

systems are satisfactory with two recommendations identified. Both recommendations have been addressed as part of an action plan. The objectives of the audit were to ensure:

- Satisfactory progress is being made towards the completion of the Information Commissioners Office's recommendations.
- Effective GDPR training has been rolled out to all employees.
- There are satisfactory controls in place to manage compliance with the Data Protection Act.
- There are adequate arrangements in place for secure storage, transport and maintenance of accurate and up-to-date data.

2.18 An audit of Information Governance and Data Security was completed as part of the 2024/25 Audit Plan. The audit found control systems are operating well.

2.19 The Force completed a Police Digital Service facilitated Data and Analytics Maturity Assessment in February 2024, which assessed data maturity across twelve dimensions. Overall, the assessment rated the Force at a maturity level of 3 "Proactive" for most areas, scoring higher in Risk, Organisation and Policies, at a level of 4 "Managed". The assessment highlighted:

- Ongoing development of Business Intelligence and Data Strategies, including plans to fully integrate data governance into the overarching governance framework.
- Proactive management of risk.
- A clear understanding of senior leadership of the importance of data management, with increased recognition of data as a strategic asset.
- Progress in data architecture, with the technical environment transitioning to better support the Data Strategy and efforts to address legacy system challenges.

PRIMARY ASSURANCE FRAMEWORK ELEMENT

CIPFA FINANCIAL MANAGEMENT (FM) CODE
SELF-ASSESSMENT

REPORT OF: JOINT CHIEF FINANCE OFFICER

1. Overview of Area of Assurance

- 1.1. Compliance with the new CIPFA Financial Management Code self-assessment requirement.

2. Background

- 2.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) published the Financial Management Code (FM Code) in October 2019 and detailed guidance was published in May 2020. Although it is not a statutory code public bodies are required to comply with the 6 principles and 17 standards it contains.
- 2.2. The FM Code was introduced to provide public sector bodies with a framework to guide sustainable financial management in response to concerns about the financial resilience of local authorities (including Police). The FM Code formally came into effect for 2021/22 following the 'Pilot' year in 2020/21.
- 2.3. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium, and long-term finances, and manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.
- 2.4. A joint self-assessment for the PCC and CC as a group entity has been undertaken for the 2024/25 financial year. The detailed assessment is attached at Appendix A.

3. Findings

- 3.1. The assessment has been divided into 7 specific sections; each has been assigned a Red, Amber, or Green (RAG) rating in-line with the scale of the improvements required for full compliance. A Red rating indicates that significant improvements are required; an Amber rating indicates that moderate improvements are required; and a Green rating indicates that no improvements or minor improvements may be required. The RAG assessment ratings against each section are noted below:
- Responsibilities of the Chief Finance Officer and Leadership Team (Green)
 - Governance and Financial Management Style (Green)
 - Long to Medium Term Financial Management (Green)
 - The Annual Budget (Green)

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- Stakeholder Engagement and Business Plans (Green)
 - Monitoring Financial Performance (Green)
 - External Financial Reporting (Green)
- 3.2. The overall conclusion from the self-assessment is Green and there are no matters that require disclosure in the Annual Governance Statement.
- 3.3. During 2024/25 the Force engaged CIPFA to carry out an assessment of Northumbria Police against the CIPFA Financial Management Model.

Key Findings

- 3.4. The force received an average rating of 3-4 stars (out of 5). Although CIPFA has stated that the intention is not to create a league table and the ratings of other forces cannot be shared, the report notes that 'this is a stronger CIPFA force rating than average'.

	Leadership	People	Processes	Stakeholders
Delivering Accountability	☆☆☆☆	☆☆☆☆	☆☆☆☆	☆☆☆☆
Supporting performance	☆☆☆	☆☆☆☆	☆☆☆	☆☆☆☆
Enabling transformation	☆☆☆	☆☆☆	☆☆	☆☆☆
Overall	☆☆☆☆			

- 3.5. The force's Medium-Term Financial Strategy demonstrates ambitious plans for modernisation across estate and buildings to improve operational efficiency. However, the financing structure reveals a heavy dependence on borrowing, with prudential borrowing accounting for 85% of the total funding requirement. However, the Force is taking a prudent and flexible approach to its investment and associated borrowing strategy which allows for deferral of some investment later in the strategy period if it becomes unaffordable.
- 3.6. Financial management processes show considerable strength, particularly in treasury management and budget monitoring. The implementation of Power BI has enhanced budget holder engagement and understanding. The Priority-Based Budgeting approach has delivered substantial savings, contributing alongside prior year efficiency plans to £8.4m identified for 2024/25.
- 3.7. We found several examples of pro-active and insightful financial analysis. For example, the Finance Department had drawn up a presentation in response to the issues that had arisen in South Yorkshire in respect of minimum revenue provision. The content of the presentation which we reviewed was of a very high quality.

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- 3.8. The force maintains robust governance arrangements, including effective oversight from the Joint Independent Audit Committee and clear risk management frameworks. Internal audit services, provided by Gateshead Council, deliver independent assurance.
- 3.9. Northumbria Police faces significant financial challenges over the coming years. Like most other forces, Northumbria's 's reliance on government funding and council tax, combined with limited alternative income sources, creates vulnerability to external financial shocks.
- 3.10. The force demonstrates clear capability to manage the challenges. Strong financial leadership, evidenced through effective Priority-Based Budgeting and robust treasury management, provides a solid foundation. The force's commitment to digital transformation and sustainable infrastructure investment, despite financial constraints, indicates a strategic approach to future service delivery.
- 3.11. Success will depend on excellence in project delivery, careful financial management, and maintenance of operational effectiveness throughout the implementation period. While current financial management arrangements are generally robust, enhancing long-term financial sustainability and enabling transformation will be crucial for future success. The force's ability to balance ambitious modernisation plans with prudent financial management, while maintaining effective operational policing, will be key to meeting evolving public safety demands across Northumbria.
- 3.12. The report contains 36 recommendations for consideration by the Force, designed to strengthen Northumbria Police's financial management arrangements. An action plan is being developed to consider improvements to be delivered in 2025/26.

2024/25 CIPFA - Financial Management Self-Assessment

APPENDIX A

Background

Northumbria Police are required to comply with the CIPFA Financial Management Code 2019. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium, and long-term finances of the Force, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

Northumbria Police has undertaken a self-assessment in-line with guidance issued by CIPFA.

	Question	Answer	RAG	Areas for improvement / Comments
Section I - The Responsibilities of the Chief Finance Officer and Leadership Team			G	
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money			
1	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	<p>The Police and Crime Plan has a clear focus on ensuring the force has the resources it needs to keep communities safe, to ensure that Northumbria Police can deliver the Plan priorities that have been set in consultation with Northumbria residents.</p> <p>The key principles of the Commissioner's Medium Term Financial Strategy have a clear focus on achieving VFM. Delivering the Police and Crime Plan priorities whilst ensuring that the achievement of Value for Money is prioritised by the Chief Constable, securing economy, efficiency, and effectiveness in the use of resources.</p>	G	
2	Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?	The Governance Framework is known as the Commissioner's Scheme of Governance and it comprises the systems, processes, culture and	G	In order to achieve compliance with the FM Code, consideration of value

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		<p>values by which the Commissioner operates. It enables the Commissioner to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services which provide value for money.</p> <p>Delivery of the Police and Crime Plan is the responsibility of the Chief Constable. Performance is monitored at the Strategic Performance Board (SPB), chaired by the Deputy Chief Constable, underpinned by a number of Delivery, Standards and Assurance boards. The Commissioner scrutinises progress, along with performance, and holds the Chief Constable and her team to account at a monthly Scrutiny meeting.</p> <p>Financial Regulations including contract regulations are also detailed within the Governance Framework. The force procurement policy sets out the processes to ensure that VFM is demonstrated through tenders and contracts.</p>		<p>for money should be an integral feature to the decisions made by the leadership team, especially those relating to the allocation of resources or to the delivery of services.</p>
3	<p>Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?</p>	<p>The Commissioners Statements of Account, MTFS, Annual Budget and Precept Report have provided stakeholders and members of the public with a continuous narrative on the financial challenge faced by Northumbria Police over the 2010 and 2015 CSR periods, updated on an annual basis. These have clearly demonstrated the Force's strong history of achieving savings targets, managing financial performance within the annual budget and maintaining high standards of</p>	G	

		<p>policing for Northumbria residents whilst being the hardest hit force over the prolonged period of austerity since 2010. This messaging has been reinforced by a number of independent reports by the National Audit Office (NAO) and HMICFRS.</p> <p>For the 2023/24 financial year the external auditor Ernst & Young LLP (EY) have issued a positive Value for Money report in their Auditor's Annual Report (AAR). Under the AAR arrangements are assessed under three areas – Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness. The AAR 2023/24 concludes that for each area there were no significant weaknesses identified and no improvement recommendations were raised.</p> <p>Procurement savings are reported to Blue Light Commercial on a quarterly basis.</p> <p>Budget savings and efficiencies continue to be delivered wherever possible as part of the annual budget and MTFS planning process, through continued scrutiny of non-pay budgets, continued use of national framework agreements and maximising income generation wherever possible.</p>		
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government			
I	Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?	The Commissioner and Chief Constable have a Joint CFO with responsibilities set out in the Scheme of Governance, which provides both the Commissioner and Chief Constable with a single	G	

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		<p>efficient, effective and economic financial management lead.</p> <p>The Joint CFO is a key member of the leadership team for both the Police and Crime Commissioner and the Chief Constable.</p>		
2	Does the CFO lead and champion the promotion and delivery of good financial management across the authority?	<p>Yes, the CFO leads and champions good financial management across the Force.</p> <p>The CFO attends the Executive Board for the Chief Constable, is Treasurer to the PCC and sits on a number of Strategic Boards and provides financial advice and guidance throughout the year on key decisions taken by the Chief Constable and Commissioner.</p>	G	
3	Is the CFO suitably qualified and experienced?	<p>Yes, the CFO is suitably qualified and experienced as required by the CIPFA Statement on the Role of the CFO for the Chief Constable and PCC/ in Policing.</p> <ul style="list-style-type: none"> • The CFO carries out a self-assessment on an annual basis against the CIPFA Statement on the Role of the CFO to ensure compliance with the requirements, standards and controls set out in the Statement. • The AGS confirms that the Commissioner and the Chief Constable are also satisfied that the role is working efficiently, that the responsibilities set out in the Scheme of Governance are being completed effectively. 	G	<p>To deliver the responsibilities set out in the CIPFA Statement on the Role of CFOs in Policing, the Chief Financial Officer must:</p> <ul style="list-style-type: none"> • Lead and direct a finance function that is resourced to be fit for purpose • Be professionally qualified and suitably experienced.
4	Is the finance team suitably resourced and fit for purpose?	Yes, this is a requirement under the CIPFA Statement on the Role of the CFO – see B3 response also.	G	

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		<p>The finance senior management structure was further strengthened through an additional post created in 2022/23 to lead on the Business Partnering, Capital and Project work across the Force to support budget leads and develop business acumen.</p> <p>In 2024/25 the role of Funding and Innovation manager was transferred into the finance department. This role identifies and secures funding opportunities, working with key stakeholders in the organisation and partners to maximise funding opportunities to help reduce demand on the organisation, as well as identifying Grants available to allow for investment.</p> <p>The senior management structure for Payroll and Pensions has been reviewed during 2024/25 with new roles created for the Deputy Finance Lead – Payroll and Pensions and Pensions Manager.</p> <p>The department structure will remain subject to ongoing challenge and review, to ensure service requirements can be delivered at all times.</p>		
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Section 2 - Governance and Financial Management Style			G	
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control			
I	Does the leadership team espouse the Nolan principles?	<p>Yes</p> <p>The Code of Conduct for the Police and Crime Commissioner is published on the PCC website.</p>	G	

		<p>The Commissioner has adopted this Code which is based on the seven principles set out in Standards in Public Life: First Report of the Committee on Standards in Public Life, known as the Nolan Principles.</p> <p>The Code of Ethics is embedded in the leadership of the Force.</p> <p>The Force Instructional Information System (IIS) contains policies and procedures relating to Ethics and Codes of Conduct. The Force also operates a Trust and Confidence Board and Ethics Advisory Group. Professional Standards reporting procedures outline how staff wishing to report wrongdoing may do so, including a statement of expectation.</p>		
2	Does the authority have in place a clear framework for governance and internal control?	<p>The Governance Framework is published on the PCC website. The Commissioners 6 principles of good governance are:</p> <ol style="list-style-type: none"> 1. Focusing on the purpose of the Commissioner, on the outcomes for the community and creating and implementing a vision for the local area. 2. Ensuring the Commissioner, officers of the Commissioner and partners work together to achieve a common purpose with clearly defined functions and roles. 3. Good conduct and behaviour. 4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management. 	G	

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		<p>5. Developing the capacity and capability of the Commissioner and officers to the Commissioner to be effective.</p> <p>6. Engaging with local people and other stakeholders to ensure robust public accountability.</p>		
3	Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?	<p>The assurance framework is made up from a number of sources that provide assurance on governance arrangements and that controls are in place to achieve each body's strategic objectives.</p> <p>The Joint Governance Group is responsible for assessing and reviewing evidence from a number of sources, which provide assurance that the systems of internal control are operating as planned:</p> <ul style="list-style-type: none">• Governance arrangements.• Senior managers.• The system of internal audit.• Risk management arrangements.• Performance management and data quality.• The view of the external auditor, HMICFRS, and other external inspectorates.• The legal and regulatory framework.• Financial controls.• Partnership arrangements and governance.	G	

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		<ul style="list-style-type: none">• Other sources of assurance as appropriate.		
4	Does the leadership team espouse high standards of governance and internal control?	<p>See also C2 and C3 above.</p> <p>The AGS demonstrates how the Commissioner 'Promotes Values of Good Governance Through Upholding High Standards of Conduct and Behaviour'.</p> <p>The Office of the Commissioner has a comprehensive website (Northumbria PCC) that includes:</p> <ul style="list-style-type: none">• Information about the Commissioner and office, required by the Specified information Order 2011 (and subsequent amendment orders).• Code of Conduct based on the Seven Principles of Public Life published by the Nolan Committee, signed by the Commissioner.• The Commissioner's disclosure of interest document which is updated annually.• An 'Ethical Checklist' signed by the Commissioner committing to standards required by the Committee for Standards in Public in Life.• A register of the Commissioner's and the OPCC gifts, hospitality and business expenses. <p>The core purpose of good governance in public services is to ensure public bodies take informed, transparent decisions and manage risk; the</p>	G	

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		<p>Commissioner has a Decision Making and Recording Policy that supports these principles.</p> <p>All key decisions that have significant public interest regarding policing, crime and community safety in Northumbria along with those about the estate of Northumbria Police are published on the Office of the Commissioner website.</p> <p>Decisions of the Force are also scrutinised by the PCC at the Scrutiny meetings which are detailed on the PCC website.</p> <p>Codes of conduct and business interests are declared, and all senior leaders are required to complete a related party declaration annually which is subject to external audit.</p> <p>The governance of the Force is documented annually in the Annual Governance Statement (AGS) which is approved by the JIAC.</p>		
5	Does the leadership team nurture a culture of effective governance and robust internal control across the authority?	<p>Yes.</p> <p>Regular senior leadership meetings to provide support and input at a strategic level throughout the governance cycle, promote learning and development, as well as strategic direction of the force.</p> <p>There is a Joint Governance Framework that exists for the PCC and Chief Constable which includes Finance and Contract Regulations.</p>	G	

D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)			
1	Has the authority sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements?	The AGS is prepared in accordance with this Framework. The AGS for each of the Chief Constable and Commissioner explains how they have complied with the Framework and meet the statutory requirements of regulations.	G	
2	Does the authority have in place a suitable local code of governance?	The Governance Framework comprises the systems, processes, culture and values by which the Commissioner operates. The system of internal control is a significant part of that framework and is an on-going process designed to identify and prioritise the risks to achieving the Commissioner's and Chief Constable's aims and objectives, evaluate the likelihood and impact of those risks being realised and manage them effectively, efficiently, and economically.	G	
3	Does the authority have a robust assurance process to support its AGS?	<p>The force undertakes a review of its governance arrangements on an annual basis to inform the AGS.</p> <p>All departments and area commands are required to conduct a self-assessment of the adequacy of internal control systems in place to manage principal business risks, evaluating the effectiveness of procedures, systems, and controls and where applicable, highlighting areas for improvement and actions intended to address these. Each Area Commander / Head of Department completes an Annual Assurance Statement to inform the process and is accountable for implementing their respective action plans</p>	G	

		The AGS is subject to scrutiny and approval by the Joint Independent Audit Committee, both for publication in the draft accounts and again for the final audited accounts.		
E	The Financial Management Style of the authority supports financial sustainability			
1	Does the authority have in place an effective framework of financial accountability?	<p>The Governance Framework sets out financial regulations including contract regulations, and all delegations from the Commissioner and Chief Constable. A review of the Governance Framework was carried out in May 2025 and updates were incorporated to reflect the new Procurement Act 2023.</p> <p>Financial systems operate workflow at transactional level which directs relevant authorisations to managers based on roles and responsibilities.</p>	G	
2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	<p>Yes, the force is committed to continuous improvement in terms of the economy, efficiency, effectiveness, and equity of its services</p> <p>The force has a formal business planning process whereby business planning reviews and proposals, including identification of efficiencies are carried out on annual basis. These are reviewed by the Executive team to identify areas for investment.</p> <p>The Force introduced a Priority Based Budgeting (PBB) approach to business planning during the 2023/24 financial year, aimed at creating efficiency savings to best invest for the future, and which can be delivered whilst maintaining performance and identifying opportunities to improve policing</p>	G	

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		<p>services. Efficiencies identified through PBB are being delivered in 2024/25 and across the new 4-year MTFS period to 2028/29.</p> <p>The force has launched 2030+ Roadmap in 2025, which sets out the case for change for Northumbria looking ahead, key challenges and opportunities to modernise how the force works and serves communities.</p>		
3	Does the authority's finance team have appropriate input into the development of strategic and operational plans?	<p>The finance team lead on the setting of the annual budget and production of medium-term forecasts and options which support, underpin, and facilitate strategic decision making and operational planning.</p> <p>The Joint CFO for the Commissioner and Chief Constable has responsibility for the Finance Department and is a key member of the leadership team for both the Force and OPCC including:</p> <ul style="list-style-type: none">• Representation on Boards• Executive Team• JBM• OPCC Business Meeting	G	
4	Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?	<p>Each Area Commander and Head of Department has a dedicated finance contact.</p> <p>The Finance Lead for Financial Performance meets regularly with ACCs and Executive Level directors to discuss their portfolio/budget areas and agree forecasts for reporting.</p>	G	

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		<p>The changes approved to the finance structure and the strengthening of the senior management structure through an additional post created in 2022/23, have provided increased capacity and professional resources to support Strategic Governance, additional resilience, whilst meeting the increased internal and external demand on the Finance Department. Thus, increasing governance and corporate oversight, moving to provision of a more focussed Finance Business Partner role and allowing dedicated senior resources to assist on critical areas that have grown significantly over the last few years.</p>		
5	<p>Has the authority sought an external view on its financial style, for example through a process of peer review?</p>	<p>During 2024/25 the Force engaged CIPFA to carry out an assessment of Northumbria Police against the CIPFA Financial Management Model.</p> <p>The force received ratings of 3-4 stars (out of 5) across most areas of delivering accountability and supporting performance but showed more limited capability (2-3 stars) in enabling transformation.</p> <p>Although CIPFA has stated that the intention is not to create a league table and the ratings of other forces cannot be shared, the report notes that 'this is a stronger CIPFA force rating than average'.</p> <p>The report contains 36 recommendations for consideration by the Force, designed to</p>	G	<p>In CIPFA's view, an assessment of an authority's financial management style can best be undertaken by means of peer review. Whilst this is not a mandatory requirement for compliance with the FM Code, it can yield a more objective, more balanced and more insightful view than one resulting from an assessment undertaken by the authority itself.</p>

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		strengthen Northumbria Police's financial management arrangements. Next Steps – Finance will review the recommendations in the context of the full report and develop an action plan to be delivered in 2025/26. (Note peer review is not a requirement for compliance with the FM Code.)		
6	Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?	Yes <ul style="list-style-type: none"> The appropriate delegations and responsibilities are detailed in the Governance Framework, financial regulations and contract regulations. Skills and training are reviewed through PDR process. TM training delivered to JIAC members. Further investment approved in the Finance structure - to enhance the senior level finance structure to create an additional senior manager (Senior Finance Lead) and a new team dedicated to financial business partnering, to improve financial acumen and financial information available to budget managers. 	G	
Section 3 - Long to Medium Term Financial Management			G	
F	The authority has carried out a credible and transparent Financial Resilience Assessment			
I	Has the authority undertaken a Financial Resilience Assessment?	The 'Financial resilience self-assessment and medium term financial planning toolkit' has been produced	A	Financial resilience is a key component of CIPFA's

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		<p>as part of the Achieving Finance Excellence in Policing (AFEP) programme under the oversight of the Police Financial Management (FM) Working Group</p> <p>The force will undertake the financial resilience assessment as part of the implementation of the action plan derived from the CIPFA FM Review during 2025/26.</p>		Financial Management (FM) Model and provides an assessment of the financial sustainability of each force and its ability to withstand financial shocks.
2	Has the Assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios?	As above	A	As above
3	Has the authority taken appropriate action to address any risks identified as part of the assessment	As above	A	As above
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members			
1	Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?	<p>A financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Commissioner's financial position are identified. The annual budget and precept report sets out the financial risk analysis to the budget approved for the year.</p> <p>In addition, the Commissioner faces a number of significant financial pressures that could affect the position over the medium term. The MTFS 2023/24 to 2026/27 includes an assessment of those risks, the likelihood and impact of each risk and the relevant management controls in place.</p>	G	

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2	Does the authority have a strategic plan and long-term financial strategy that address adequately these risks?	<p>Medium Term Financial Strategy (MTFS) is reviewed and updated annually and aligned with other strategic plans, Capital Strategy, Reserves Strategy Statement, Treasury Management Strategy.</p> <p>Specific earmarked reserves have been created to mitigate against specific financial risks identified over the medium term. The CFO has assessed the level of financial reserves as adequate as part of the MTFS and budget setting process.</p>	G	
3	Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g. using a technique such as scenario planning)?	<p>Scenario planning is incorporated within the annual budget setting and MTFS planning process. A prudent approach is taken when adopting assumptions around material areas of expenditure and income, in particular increases to core funding sources such as government grant and local precept income.</p>	G	
4	Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making?	<p>These factors are considered across strategic level reporting which the leadership team are sighted on as appropriate:</p> <ul style="list-style-type: none">– Budget and Precept Report– MTFS– Capital Strategy– Reserves Strategy Statement– Treasury Management Strategy <p>Risks assessments are included in the Budget and Precept Report and MTFS which specifically address risks to financial forecasts, estimates and assumptions.</p>	G	

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		During the year revenue and capital monitoring reports will highlight changes in significant risks and issues and suggest appropriate action.		
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities			
1	Has the authority prepared a suitable capital strategy?	Yes, the Capital Strategy can be found at: Capital Strategy 2025/26 to 2028/29	G	
2	Has the authority set prudential indicators in line with the Prudential Code?	Yes, the Prudential Indicators are published with both the Capital Strategy and the Treasury Management Strategy Statement. All Prudential Indicators are in-line with the Code requirements.	G	
3	Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set?	The Prudential Indicators are monitored on a monthly basis as part of the Treasury Management reporting process. In addition they are reported in the mid-year and annual reports which are subject to scrutiny at the Joint Independent Audit Committee (JIAC) before being reported to the Commissioner.	G	
I	The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans			
1	Does the authority have in place an agreed medium-term financial plan?	Yes, the Medium Term Financial Strategy (MTFS) 2025/26 to 2028/29 was published in March 2025 and can be found at: MTFS 2025/26 to 2028/29	G	
2	Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	The MTFS is consistent with and fully aligned with the Capital Strategy, Reserves Strategy and Treasury Management Strategy.	G	

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3	Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?	<p>Yes, see responses to G1, G2 and G3 above. Senior leaders are fully involved in the budget setting process each year to ensure that changes in demand can be reflected in their respective areas of budget responsibility.</p> <p>People Services and Finance work closely throughout the budget setting process to ensure that the most significant cost base (workforce budget) is accurately forecast and throughout the year is effectively monitored to address variances at the earliest opportunity.</p>	G	
4	Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?	Financial resilience is achieved through a combination of a prudent approach to budget setting and the significant assumptions relating to grant and precept, risk analysis incorporated within budget setting and MTFS planning processes, and the creation of earmarked reserves to mitigate specific financial risks over the medium term.	G	
5	Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?	<p>Yes, there is an Estates plan and 8-year Estates Strategy which is premised on a full buildings condition survey and includes a number of new sites (HQ, Operational Training, Dog Kennels). The programme is aligned with the Estates Capital Programme 2025/26 to 2028/29 as detailed in the MTFS.</p> <p>The Force has recently undertaken a thorough and independent review of its Estate and Force Operating Model including custody provision and the associated implications for the owned/leased/required estate to deliver an</p>	G	

		<p>outstanding service. The Review was subject to detailed consultation with operational leaders, the professional view of the Estates Team (and associated surveyors) and independent challenge.</p> <p>The new Estates Strategy sets out 8-year plans to invest in new sites, refurbishment of existing estate and required decarbonisation work necessary to meet the 2040 net carbon zero commitment.</p> <p>The Capital Programme 2025/26 to 2028/29 contains significant investment in Digital Transformation, Vehicles including electrification of the fleet, and operational equipment to keep officers and staff safe and make sure they have the tools to be effective.</p>		
Section 4 - The Annual Budget			G	
J	The authority complies with its statutory obligations in respect of the budget setting process			
1	Is the authority aware of its statutory obligations in respect of the budget-setting process?	<p>Yes, the statutory obligations in respect of budget setting are met each year as required by legislation.</p> <p>Statutory obligations, relevant legislation and statutory instruments are generally referenced within the reporting processes and key decision reports to highlight the legal responsibility which is satisfied by specific decisions and approvals.</p>	G	
2	Has the authority set a balanced budget for the current year?	Yes, the budget and precept for 2025/26 was agreed by the Police and Crime Panel and	G	

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		approved by the Commissioner, the report can be found on the OPCC website.		
3	Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?	Yes, the Joint CFO is fully aware of the circumstances under which a Section 114 notice should be issued.	G	
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves			
1	Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?	Yes, this statement is included in the report each year and specifically referenced in the key decision on the Commissioners website.	G	
2	Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?	A risk assessment is included in the Budget Report 2025/26 and MTFS 2025/26 to 2028/29 that addresses the main risks to the financial position and forecast including impact assessment and mitigation.	G	
3	Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?	Yes The Reserves Strategy Statement can be found at: Reserves Strategy Statement 31 March 2025 The CFO considers that the level of financial reserves held on 31 March 2025 is adequate as confirmed by section 6 of the Reserves Strategy Statement.	G	
4	Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability	The Reserves Strategy Statement sets out the current and forecast future levels of financial reserves and concludes at section 6 that the CFO considers that the level of financial reserves held	G	

	and the action that the authority is to take to address any shortfall?	by the Commissioner is adequate. No shortfall has been identified.		
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Section 5 - Stakeholder Engagement and Business Plans			G	
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget			
I	How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?	<p>Area Commanders and Heads of Departments are consulted on their respective budget areas.</p> <p>People Services are fully engaged in setting the most significant budget area (workforce). Executive Team makes decisions on workforce profiles, authorised establishment levels and forecast officer recruitment.</p> <p>Capital investment requirements are determined by the Executive Team and approved by the Commissioner.</p> <p>The regional NEROCU budget is developed in partnership with Durham and Cleveland finance teams, the Head of NEROCU and NEROCU SMT, and agreed through the Management Board and Joint Committee.</p> <p>The Commissioner undertakes consultation with the public on the proposed council tax precept each year.</p> <p>The annual budget and precept proposals are subject to scrutiny by the independent Police and Crime Panel, on behalf of the public, the</p>	G	

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		<p>Councillor members of which represent all 6 local authorities across the Northumbria Police area.</p> <p>PACCTS/NPCC issue a number of surveys throughout the year to collate data and working assumptions for all Forces. The results of those surveys are subsequently shared with Forces to inform planning processes.</p>		
2	How effective has this engagement been?	<p>Northumbria Police has a strong record of effective financial management, delivering planned savings and managing financial performance within budget.</p> <p>Unqualified external audit opinion on accounts every year and unqualified value for money opinion.</p> <p>Balanced budget set each year across the medium term.</p> <p>Balanced MTFS forecast 2025/26 to 2028/29.</p> <p>Public consultation on proposed precept increases each year by the PCC – support from the public each year for the increase in precept.</p> <p>Performance - Victims of crime report high levels of satisfaction.</p> <p>Public perception - Although national comparison data was unavailable throughout the pandemic, recent data from the Crime Survey for England and Wales (CSEW) placed the force first</p>	G	

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		nationally for many of the confidence and public perception measures.		
3	What action does the authority plan to take to improve its engagement with key stakeholders?	<p>Improving engagement with stakeholders is subject to continuous review to identify new opportunities to engage with the workforce, external agencies/partners, and the public.</p> <p>The Commissioner has operated a comprehensive engagement programme during 2024/25 with local, regional, and national representation and engagement via the press and through active social media channels and advisory groups that represent local communities and groups. Through these engagement channels, the Commissioner can ensure that the service provided reflects the changing needs of local communities.</p> <p>NIK is the new Force intranet service launched in September 2022. NIK is the internal platform designed to help the Force create a culture of encouragement, recognition, and engagement through online interactivity. It has received positive feedback from officers and staff and provides operational Apps and tools, an intelligent search function, interactive content, and FAQs to support the workforce.</p> <p>Engagement with the workforce has included regular newsletters and publications such as 'In the Know' and 'NIK News'.</p> <p>Recent data from the Crime Survey for England and Wales (CSEW) places Northumbria first</p>	G	

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		nationally for many of the confidence and public perception measures.		
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions			
I	Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'?	<p>The force operates a Project Assessment Group (PAG). Members of PAG are at a senior level within the organisation and include Executive Level officers.</p> <p>The PAG are the governance group responsible for the review and approval of all new Business Cases produced by the Business Engagement team.</p> <p>Projects are assessed using standard templates for Ideas Capture, Assessment, Evaluation and Business Case presentation. See responses to questions 2 to 5 below for further detail of option assessment methodology.</p> <p>Templates have also been developed for Solutions Architecture (Options Report & High Level Design) and for Procurement (tender/supplier selection).</p> <p>Note - Some significant technology schemes are led nationally either by the service or HO, and we are not involved in the development and implementation of those schemes e.g. Emergency Services Network, National Monitoring Centre.</p>	G	

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2	Does the authority offer guidance to officers as to when an option appraisal should be undertaken?	<p>The Business Engagement Team provide advice and guidance on submission of all relevant documentation through the PAG process.</p> <p>Relevant staff within Finance, Procurement, ICT and Estates understand the need to produce an appropriate level of option appraisal to support new growth bids and provide relevant advice and guidance as required for each project.</p>	G	
3	Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?	<p>The PAG evaluation process captures both quantitative and qualitative benefits and includes assessments against:</p> <ul style="list-style-type: none">• The Force Strategic Objectives.• The Police and Crime Commissioners Police and Crime Plan Objectives.• Existing costs and funding streams• Costs of change implementation and potential funding sources.	G	
4	Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty?	<p>Reports for decision making follow a corporate format which requires that risk is considered along with implications for consultation, resources, ethics, equality, legal, communication, evaluation.</p> <p>See below response for consideration of risks and benefits within each Business Case.</p>	G	
5	Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)?	<p>The standard business case template ensures that the results of option appraisal are reported in a clear, robust, and informative manner with consistency and a clear framework that considers</p>	G	

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		<p>benefits and risks in determining the preferred option(s):</p> <ul style="list-style-type: none">• Executive Summary• Background• Project Impact• Options Considered• Benefits• Risks• Milestones and Resources• Costs <p>Where option appraisal is included within business cases, the Transformation team, and Project Management Office (PMO) provide relevant inputs to option presentation, methodology, and the financial implications of any recommendations and conclusions. This ensures that the content can be clearly understood to support effective decision making.</p>		
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Section 6 - Monitoring Financial Performance			G	
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability			
I	Does the authority provide the leadership team with an appropriate suite of reports that allows it to identify and to correct emerging risks to its budget strategy and financial sustainability?	Financial performance reports are presented to each of the Commissioner and Chief Constable on a monthly basis. A combined Group financial monitoring report is presented to the Commissioner and Chief Constable's Joint Business Meeting on a quarterly basis and published for wider scrutiny of financial	G	

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		<p>performance by the public. The quarterly reports are published as key decisions on the OPCC website.</p> <p>The monthly revenue monitoring reports provide commentary on all significant budget areas and highlight material variations to budgets, whilst the appendices to the reports provide the detailed budget position for additional scrutiny.</p> <p>New Business Packs were developed during 2023/24 by Finance which are issued to all Area Commanders and Heads of Department on a monthly basis. These reports are presented in Power BI format and provide additional information on spending in an improved visual format, to allow the user to drill down into spend and analyse trends.</p>		
2	Do the reports cover both forward and backward looking information in respect of financial and operational performance?	Yes, reporting covers financial position as at the reporting date and year-end forecast.	G	
3	Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such as contract monitoring data?	NEROCU is a significant collaboration with Durham and Cleveland with governance arrangements set out under a formal S22 Collaboration Agreement. Financial performance is reported to NEROCU Management Board and then to NEROCU Joint Committee. The Northumbria contribution to NEROCU is reported at force level within budget monitoring reports for the Chief Constable.	G	

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		<p>Internal audit examines the arrangements in place for partnership working on an annual or biannual basis according to risk.</p> <p>There has been a significant volume of OPCC partnership working in recent years on funded multi-force/multi-agency projects, intended to transform policing for the future and to respond to the changing nature of crime. Partnership working has focused on prevention and early intervention tackling domestic abuse, serial perpetrators and serious violence, with governance and performance monitoring reported through the OPCC.</p>		
4	Are the reports provided to the leadership team in a timely manner and in a suitable format?	Reports are monthly and circulated in advance of relevant meetings. Format is subject to review on an annual basis to ensure that a sufficient level of detail and transparency is provided to effectively support decision making and actions.	G	
5	Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?	Yes	G	
O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability			
I	Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	<p>Reserves – the Commissioners reserves strategy is reviewed twice yearly:</p> <ul style="list-style-type: none"> I. As part of the Medium-Term Financial Strategy (MTFS), precept and budget setting process II. In the Commissioner’s Reserves Strategy Statement 	G	

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		<p>Borrowing, Investments and Cashflow – borrowing and investment activity and performance against treasury prudential indicators is monitored on a monthly basis by the Treasury Management (TM) function. Reports are provided monthly to the Head of Finance and CFO. Reporting is considered at monthly meetings with the Head of Finance and on a quarterly basis with the CFO. Cashflow forecasts are updated on a daily basis and considered monthly alongside planned investment and borrowing profiles. The Joint Independent Audit Committee (JIAC) provides scrutiny to the Treasury Management Policy and Strategy on an annual basis and receives a mid-year and annual report on TM performance and activity. JIAC recommends the approval of those reports by the Commissioner.</p> <p>Trade Debtors and Creditors – monitored by Exchequer Services (Finance)</p> <p>Capital Investment – Capital Programme reviewed and agreed annually, budget monitoring to the Commissioner on a quarterly basis and Capital Strategy published annually.</p>		
2	Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet?	Yes, the monitoring arrangements are described above and the mitigation of risk in the section below.	G	
3	Is the authority taking action to mitigate any risks identified?	The Commissioner's Reserves Strategy Statement sets out the approach to maintain reserve balances that mitigate specific risks identified over the medium term – Operational	G	

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		<p>Systems development, implementation of ESN, operational policing, sustaining investment in local policing services in Northumbria and a specific reserve created to manage Inflationary Risk.</p> <p>The Commissioner's Treasury Management Policy and Strategy Statement sets out the approach to managing risk identified with borrowing and investment activities.</p> <p>The Capital Strategy and Treasury Management Strategy set out the Prudential Indicators used to monitor and control treasury performance.</p> <p>Finance policies and procedures mitigate risk associated with suppliers, debtors and cash.</p>		
4	Does the authority report unplanned use of its reserves to the leadership team in a timely manner?	<p>The planned use of reserves for the year ahead and over the medium term are set out in the annual precept and budget report and four-year MTFS. Any changes required to the use of reserves as a result of in-year financial performance would be highlighted within budget reporting to the Commissioner. The final use of reserves for the year is approved by the Commissioner with the budget outturn report for the Group position.</p>	G	
5	Is the monitoring of balance sheet risks integrated into the authority's management accounts reporting processes?	<p>Borrowing and Investment - Prudential indicators reported with capital budget monitoring reports, monthly treasury management reports, TM mid-year and annual reports.</p> <p>Capital Investment – monthly reporting of expenditure, capital receipts and capital financing.</p>	G	

		Reserves – specific consideration given where performance in-year requires a potential change to the planned use of reserves identified at budget setting.		
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Section 7 - External Financial Reporting			G	
P	The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom			
1	Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements?	<p>Yes, the role, responsibilities and delegations are fully detailed in the Governance Framework published on the OPCC website.</p> <p>The Joint CFO signs the balance sheet to the accounts and approves the draft accounts for publication (both CC and PCC/Group).</p> <p>Responsibilities are fully detailed in the CIPFA Statement on the Role of the CFO. The CFO carries out a self-assessment on an annual basis to ensure compliance with the requirements, standards and controls set out in the Statement.</p>	G	
2	Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms?	Detailed in the CIPFA Statement on the Role of the CFO – see P1 response.	G	
3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom?	Yes, the Chief Constable, Commissioner and Group accounts have been published on-time each year since the PCC role was created, and the external audit of accounts has confirmed each year, an unqualified opinion, accounts of a high	G	

		standard and prepared in-line with the Code, in addition to an unqualified value for money opinion each year.		
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions			
1	Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget?	Both the Chief Constable and Commissioner are provided with outturn reports that are aligned with the level of detail monitored monthly throughout the year. Variances are reported monthly and detailed at the year-end within the appendices to the budget report.	G	
2	Is the information in these reports presented effectively?	The final outturn reports follow the structure of monthly budget reporting-level detail and form the basis of the outturn reporting within the Narrative Statement in Statements of Account for the Chief Constable and Commissioner.	G	
3	Are these reports focused on information that is of interest and relevance to the leadership team?	<p>The revenue reports focus on the annual performance, key variances and significant changes since the previous quarterly/monthly position was presented, and impact on the financial position of the force –i.e. impact on the level of financial reserves.</p> <p>Capital outturn reports highlight variances against budget estimates in addition to 'slippage', those differences due to timing of expenditure. This allows for assessment of the impact on the following year's capital programme as well as on the overall capital financing requirement for the year.</p>	G	

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4	Does the leadership team feel that the reports support it in making strategic financial decisions?	Yes	G	
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