

Police and Crime Commissioner for Northumbria Group

Audit Results Report

Year ended 31 March 2025

27 March 2026



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

27 March 2026

Dear Joint Independent Audit Committee Members

2024/25 Audit Results Report

We attach our Audit Results Report, summarising the status of our audit.

The audit is designed to express an opinion on the 2024/25 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Police and Crime Commissioner for Northumbria (PCC's) and the Chief Constable for Northumbria (CC's) accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

The Joint Independent Audit Committee, as the NPCC's and CC's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the NPCC's and CC's wider arrangements to support the delivery of a timely and efficient audit. We consider and report on the adequacy of the NPCC's and CC's external financial reporting arrangements and the effectiveness of the Joint Independent Audit Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements; and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so. We draw Joint Independent Audit Committee members' and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly sets out what is expected of audited bodies in preparing their financial statements.

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.

Yours faithfully

Claire Mellons

Partner, For and on behalf of Ernst & Young LLP

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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.psa.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 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 Police and Crime Commissioner for Northumbria Group in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Joint Independent Audit Committee and Management of Police and Crime Commissioner for Northumbria Group 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 Police and Crime Commissioner for Northumbria Group 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 - Context for the audit

Scope update

In our Audit Planning Report presented to the Joint Independent Audit Committee meeting on 25 June 2025, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exception:

- Changes in materiality: In our Audit Planning Report, we communicated that our audit procedures would be performed using a materiality of £10.940 million for the Group, £2.910 million for the PCC and £9.560 million for the CC. We updated our planning materiality assessment using the draft 2024/25 financial statements and have also reconsidered our risk assessment. Based on our materiality measure of gross revenue expenditure on services, we have updated our overall materiality assessment to the following:

	Planning materiality	Performance materiality	Audit differences
Group	£11.277 million (Audit Planning Report - £10.940 million)	£5.639 million (Audit Planning Report - £5.470 million)	£0.564 million (Audit Planning Report - £0.550 million)
PCC	£3.006 million (Audit Planning Report - £2.910 million)	£1.503 million (Audit Planning Report - £1.460 million)	£0.150 million (Audit Planning Report - £0.150 million)
CC	£9.840 million (Audit Planning Report - £9.560 million)	£5.108 million* (Audit Planning Report - £4.950 million*)	£0.492 million (Audit Planning Report - £0.480 million)

* We have used the allocated threshold for group reporting purposes as this is lower than the single entity materiality.

- The bases of performance materiality as percentage of the planning materiality of 50% for the group, 50% for the PCC and 75% for the CC (capped at the allocated threshold for Group reporting purposes) remains appropriate.

Executive Summary (continued)

Status of the audit

Our audit work is complete.

Value for Money

In our Audit Planning Report dated 30 April 2025, we reported that we had completed our value for money (VFM) risk assessment and we had identified no risks of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did identify a significant weakness in arrangements regarding the capacity constraints of the finance team. See Section 03 of the report for further details.

Audit differences

PCC:

- We identified uncorrected misstatements with total impact of £0.375 million overstatement in Surplus on Provision of Services.
- Management have corrected the following:
 - understatement of income of £0.282 million and overstatement of Short-Term Creditors
 - reclassification misstatement between Property, Plant and Equipment (PPE) and Right of Use Assets of £29.025 million
- Identified disclosure inconsistencies within Note 24 - Employee Benefits notes when compared to the information provided by the actuaries.

CC:

- We identified uncorrected misstatements with total impact of £1.194 million understatement in Deficit on Provision of Services and £1.890 million understatement in Other Comprehensive Income.
- Management have corrected the following:
 - £0.670 million understatement in Interest on the net defined benefit pension liability and overstatement in actuarial loss recognised in Other Comprehensive Income (OCI) due to erroneous posting of the interest on unrecognised asset in OCI instead of Financing & Investment cost. The net impact in Total Comprehensive (Income) and Expenditure was nil.
 - reclassification misstatement between Provisions and Short-Term Receivable of £0.756 million
- Identified disclosure misstatements within Note 18 - Employee Benefits notes, Note 11 - Exit Packages and Note 17 - Non-Current Assets.

Group

- We identified uncorrected misstatements with total impact of £0.375 million understatement in Deficit on Provision of Services and £1.890 million understatement in Other Comprehensive Income.

Executive Summary (continued)

Audit differences (continued)

Group (continued)

- The group financial statements are also impacted by the following misstatements corrected by management:
 - understatement of income of £0.282 million and overstatement of Short-Term Creditors
 - reclassification misstatement between PPE and Right of Use Assets of £29.025 million
 - misstatement impacting interest on the net defined benefit pension liability and in actuarial loss, reported above, in the Group financial statements.
- Identified disclosure misstatements within Note 13 - Employee Benefits notes and Note 9 - Exit Packages.

Management also agreed to correct minor casting and consistency differences across the three financial statements. See details in Section 05.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement and Narrative Report for consistency with our knowledge of the PCC and CC. We have asked Management to include details of the significant weakness in VFM and what actions the PCC and CC are doing to resolve these in the Annual Governance Statement. We have no other matters to report as a result of this work.

We have not yet completed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts. As the PCC and CC are below the £2 billion reporting threshold, we are only required to perform limited procedures. Also, we cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of PCC and CC.

Executive Summary (continued)

Areas of audit focus

In our Audit Planning Report we identified a number of key areas of focus for our audit of the financial report of the PCC and CC. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

Misstatement due to fraud or error
(PCC and CC)

We have performed all the planned procedures in this area. We have identified the following reportable difference as part of our risk based testing of journals:

- Comprehensive Income and Expenditure Statement -PCC and group: understatement of income of £0.282 million due to non-recognition of proceeds of unclaimed property as income after the holding period for potential claims from owners have passed.

Based on our assessment, this is an error in accounting for the proceeds and not indicative of management override of control.

We also noted one control deficiency in relation to posting of journals for which we raised a recommendation. This deficiency is not considered significant. See Section 06.

We have no other findings to report.

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

We have performed all the planned procedures in this area. We have no findings to report.

Valuation of Land and Buildings
(PCC)

We have performed all the planned procedures in this area. We have identified the following reportable differences:

- Balance Sheet - PCC and group: reclassification misstatement between Property, Plant and Equipment ('PPE ') and Right of Use Assets due to a leased asset valued at £29.025 million being held as PPE instead of Right of Use Assets.

We have no other findings to report.

Valuation of Pension Liabilities
(PCC and CC)

We have performed all the planned procedures in this area. We have identified the following reportable differences:

- Understatement of £1.890 million in Pension assets due to the difference in pension assets value tested by the pension fund auditor and value used by the actuary in their preparation of the IAS 19 report. Management opted not to adjust for this misstatement.
- Comprehensive Income and Expenditure Statement - CC and group: understatement of £0.670 million in Interest on the net defined benefit pension liability and overstatement in actuarial loss recognised in OCI due to erroneous posting of the interest on unrecognised asset in OCI instead of Financing & Investment cost. Management agreed to correct this in the final version of the accounts.
- Employee Benefits: We also identified disclosure changes in the following tables within the Employee Benefits notes (PCC, CC and Group) to tie up with the figures in the IAS 19 reports: Assets and Liabilities in Relation to Post-Employment Benefits and Principal financial and actuarial assumptions

We have no other findings to report.

Executive Summary (continued)

Areas of audit focus (continued)

Impact of implementation of IFRS 16
(PCC and CC)

We were unable to complete our planned procedures in this area. Refer to Section 02 for details.

We request that you review these and other matters set out in this report to ensure:

- There are no further considerations or matters that could impact these issues
- You concur with the resolution of the issue
- There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Joint Independent Audit Committee.

Control observations

No significant deficiencies in control identified during the audit. However, we identified a number of observations and improvement recommendations in relation to management's financial processes and controls, in the areas noted below:

- Capacity constraints of the finance team
- Financial reporting
- Contract management
- Exit packages
- Invoice processing
- Absence of journal approval prior to posting
- Completeness of Declaration of Interests
- Fixed Assets Register

See Section 06 for our detailed observations.

Independence

Please refer to Section 08 for our update on Independence.

Executive Summary (continued)

Factors impacting the execution of the audit

Management, the Joint Independent Audit Committee, and the NPCC and CC as those charged with governance, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. The table below sets out our views on the effectiveness of the PCC and CC's arrangements to support external financial across a range of relevant measures.

Area	Status			Explanation	Further detail
	R	A	G		
Timeliness of the draft financial statements	Effective			The financial statements were published by the 30 June 2025 deadline set out in the Accounts and Audit Regulations.	N/A
Quality and completeness of the draft financial statements	Requires improvement			<p>On 1 July 2025, Management informed us that they identified several minor updates required in the financial statements that were published by 30 June 2025.</p> <p>These updates were for non-material internal inconsistencies, typographical and arithmetic errors in the draft financial statements that should have been detected through internal quality review prior to publication.</p>	We consider this further in our VFM reporting. See Section 03.
Delivery of working papers in accordance with agreed client assistance schedule	Ineffective			<p>Requests for year-end working papers were loaded and sent through the EY Canvas Client Portal on 7 April 2025, with due date of 30 June 2025 when the year-end audit was due to commence. We note that only 15% of the requests were responded to by the due date and, as at 3 November, this had only increased to 73% of requests.</p> <p>From November 2025 to February 2026, the Finance Team has continued submitting responses. There were still delays in receipt of key working papers, such as reconciliation of trial balance to financial statements, but this has now been received. A few number of outstanding requests remain that are required to complete the areas in progress in Appendix B.</p>	We consider this further in our VFM reporting. See Section 03.

Executive Summary (continued)

Factors impacting the execution of the audit (continued)

Area	Status			Explanation	Further detail
	R	A	G		
Quality of working papers and supporting evidence	Requires improvement			Since NPCC and CC are in one ledger and there are transactions consolidated with the balances of NPCC but not posted in the ledger, manual adjustments are required before listings from NPCC and CC's systems reconcile to the balances in the financial statements. Hence, working papers are often include multiple tabs of information and require discussions with members of the finance team to understand the flow of the working papers.	We expect to raise a scale fee variation in respect of this. See Section 08 for further details. We consider this further in our VFM reporting. See Section 03.
Timeliness and quality of evidence supporting key accounting estimates	Ineffective			As noted in the previous page, the finance team was unable to support the audit during the original timetable due to prolonged capacity constraints within the team. We have also noted delays in receiving supporting evidence for inputs to Property, plant and equipment valuation, and reasons for differences between IAS 19 reports and the disclosures on Employee benefits.	We expect to raise a scale fee variation in respect of this. See Section 08 for further details.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Ineffective			The Finance Team responsible for delivery of the financial statements and the audit work are a small team and were subject to two vacancies at the Finance Lead and Senior Accountant level. In addition, the Senior Finance Lead responsible for oversight of the function was required to focus on support for the Payroll and Pensions team due to prolonged senior management absence. Due to those resourcing challenges the audit work was subject to delay. Senior officers and members of the finance team have generally made themselves available to audit personnel throughout the audit process, however this did not always then translate into the ability to progress our audit procedures.	We expect to raise a scale fee variation in respect of this. See Section 08 for further details.
Volume and value of identified misstatements	Requires improvement			We have identified several misstatements in the financial statements including casting and consistency points. See Section 05.	N/A
Volume of misstatements in disclosure	Requires improvement			We have identified a few disclosure misstatements in the financial statements. See Section 05.	N/A



02 Areas of Audit Focus

Areas of Audit Focus

Presumptive risk of management override of controls (PCC and CC)

Fraud Risk

What is the risk, and the key judgements and estimates?

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 are our conclusions?

We have performed all the planned procedures in this area. We have identified the following reportable differences as part of our targeted testing on journal entries:

- Comprehensive Income and Expenditure Statement -PCC and group: understatement of income of £0.282 million due to non-recognition of proceeds of unclaimed property as income after the holding period for potential claims from owners have passed.

Based on our assessment, this is an error in accounting for the proceeds and not indicative of management override of controls.

We also noted one control deficiency in relation to posting of journals for which we raised a recommendation. This deficiency is not considered significant. See Section 06.

We have no other findings to report.

Our response to the key areas of challenge and professional judgement


We performed the following:

- Identified fraud risks during the planning stage of the audit.
- Inquired of management about risks of fraud and the controls put in place to address those risks.
- Obtained understanding of the oversight given by those charged with governance of management's processes over fraud.
- Discussed 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).
- Considered 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.
- Considered of the effectiveness of management's controls designed to address the risk of fraud.
- Determined an appropriate strategy to address those identified risks of fraud.
- Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Undertook procedures to identify significant unusual transactions.
- Considered 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.

Areas of Audit Focus

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

 Fraud Risk

What is the risk, and the key judgements and estimates?

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 are our conclusions?

We have performed all the planned procedures in this area. We have no findings to report.

Our response to the key areas of challenge and professional judgement

We performed the following:

- Tested Property, Plant and Equipment (PPE) / Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- Assessed 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.
- Considered 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.
- Confirmed that REFCUS was not material.
- Sought 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.

Areas of Audit Focus

Valuation of Land and Buildings (PCC)

Risk of material misstatement

What is the risk, and the key judgements and estimates?

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 are our conclusions?

We have performed all the planned procedures in this area. We have identified the following reportable differences:

- Balance Sheet - PCC and group: reclassification misstatement between PPE and Right of Use Assets due to a leased asset valued at £29.025 million being included in PPE instead of Right of Use Assets.

We have no other findings to report.

Our response to the key areas of challenge and professional judgement

We performed the following:

- Assessed the design and implementation of controls around the valuation of Land and Buildings.
- Reviewed the Fixed Asset Register to identify properties with higher indicators of risk.
- Considered the competence, capability and objectivity of both internal and management's specialists.
- Grouped the assets revalued during the year into strata depending on the nature and valuation basis. Selected a sample of assets based on value and complexity of valuation, ensuring that at least one asset have been selected per stratum.
- Performed 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.).
- Reviewed 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.

Areas of Audit Focus

Valuation of Pension Liabilities (PCC and CC)

Risk of material
misstatement

What is the risk, and the key judgements and estimates?

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.

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 the following balances for the PCC, CC and Group based on the draft 2024/25 financial statements:
 - defined benefit obligation of £4.064 million and fair value assets of £5.587 million in the PCC;
 - defined benefit obligation of £360.750 million and fair value assets of £481.300 million in the CC; and
 - defined benefit obligation of £364.100 million and fair value assets of £487.330 million in the CC in the Group.
- PPS has a liability balance of £2.965 billion in the draft Statement of Account of the CC and Group.

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.

Our response to the key areas of challenge and professional judgement

We performed the following:

LGPS

- Liaised with the auditors of the TWPF, to obtain assurances over the information supplied to the actuary in relation to the PCC and CC.
- Assessed 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.
- Considered the competence, objectivity and capability of the scheme's actuary.
- Reviewed and tested the accounting entries and disclosures made within the PCC and CC's financial statements, including asset ceilings used.

PPS

- Evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model.
- Considered the competence, objectivity and capability of the scheme's actuary.
- Reviewed and tested the accounting entries and disclosures made within the Group and CC's statement of account and Police Pension Fund account.
- Considered outturn information from the PCC and CC draft financial statements to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.

Areas of Audit Focus

Valuation of Pension Liabilities (continued) (PCC and CC)

Risk of material
misstatement

What are our conclusions?

We have performed all the planned procedures in this area. We have identified the following reportable differences:

- Understatement of £1.890 million in Pension assets due to the difference in pension assets value tested by the pension fund auditor and value used by the actuary in their preparation of the IAS 19 report. Management opted not to adjust for this misstatement.
- Understatement of £0.670 million in Interest on the net defined benefit pension liability and overstatement in actuarial loss recognised in OCI due to erroneous posting of the interest on unrecognised asset in OCI instead of Financing & Investment cost. Management agreed to correct this in the final version of the financial statements.
- We identified a number of disclosure inconsistencies within the Employee Benefits notes for the PCC, CC and Group when compared to the information provided by the actuaries. Within the Assets and Liabilities in Relation to Post-Employment Benefits disclosures, the present value of the defined benefit obligation for the Police Pension Scheme (CC) is stated as £3.253 million, whereas the corresponding figure in the GAD report is £2.963 million. In addition, for the Local Government Pension Scheme (CC), the actual return on scheme assets is disclosed as £28.580 million, compared to £12.520 million in the AON report. Further discrepancies were identified within the Principal Financial and Actuarial Assumptions table for the Police Pension Scheme (CC). The future lifetime at age 65 for current female pensioners is disclosed as 23.3 years, compared to 23.9 years in the GAD report, while the future lifetime at age 65 for future male pensioners is disclosed as 23.9 years, compared to 23.3 years per the GAD report.

We have no other findings to report.

Areas of Audit Focus

IFRS 16 Implementation (PCC and CC)

Risk of material misstatement

What is the risk, and the key judgements and estimates?

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 balance of Leased Assets in the draft financial statements of the PCC was £1.708 million.

Our response to the key areas of challenge and professional judgement

We performed the following:

- Gained an understanding of the processes and controls developed by the PCC and CC relevant to the implementation of IFRS 16. We paid particular attention to the PCC and CC's arrangements to ensure lease and lease-type arrangements considered are complete.
- Reviewed the discount rate that is used to calculate the right of use asset and assess its reasonableness.
- Reviewed management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management adopted as the practical expedient to non-lease components.
- Gained assurance over the right of use asset included in the 2024/25 financial statements.
- Sample tested leases to ensure that transition arrangements have been correctly applied.
- Considered 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.

What are our conclusions?

Based on the procedures performed, we identified significant issues affecting both the measurement and evidencing of leases under IFRS 16. Our evaluation of the PCC and CC's processes and controls indicated that, although arrangements existed to identify lease-type arrangements, the subsequent measurement of right-of-use (ROU) assets did not comply with the CIPFA Code.

The ROU assets recognised were not measured on the required current value basis, and no valuations were undertaken to align them with the approach applied to comparable owned PPE.

In response to our challenge, management provided an assessment explaining why they considered the cost model to be an appropriate basis for measuring ROU assets, referring to factors such as proportionality, value-for-money considerations, and their view that cost approximated current value. However, this assessment did not demonstrate compliance with the Code, did not evidence that cost was a reasonable proxy for current value, and did not address the explicit Code requirement to measure operational ROU assets on the same basis as owned assets. We therefore concluded that the assessment did not provide sufficient justification to support the measurement basis adopted.

Areas of Audit Focus

IFRS 16 Implementation (PCC and CC)

Risk of material
misstatement

What are our conclusions? (continued)

In addition, our testing of sampled leases did not provide the assurance required to conclude that transition had been applied appropriately. In addition, key evidence required to support the valuation of lease liabilities - including complete lease documentation, lease term assessments, treatment of extension options, and confirmation of payments - was not available.

As a result, we were unable to obtain sufficient appropriate audit evidence to conclude that lease liabilities are free from material misstatement.

Overall, the results of our procedures demonstrate that the PCC and CC's implementation of IFRS 16 has resulted in material departures from proper accounting practice for both ROU assets and lease liabilities. These matters remain unresolved and are sufficiently significant to give rise to a qualified conclusion in respect of the accounting for leases.

Areas of Audit Focus (continued)

Going concern

The provisions of the CIPFA Code of Practice on Local Authority Accounting in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that local authorities cannot be created or dissolved without statutory prescription and that they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community, are themselves revenue-raising bodies and the financial reporting framework presumes the continuation of service provision. However, the PCC and CC are required to carry out a going concern assessment that is proportionate to the risks it faces. Under the auditing standard in relation to going concern (ISA570), the PCC and CC are required to ensure that its going concern disclosure within the financial statements adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.

We have completed the planned procedures on going concern. No events or conditions identified in the course of the audit that may cast significant doubt on the entity's ability to continue as a going concern. Minor disclosure changes were required in the going concern note which management have corrected.

Areas of Audit Focus (continued)

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Fund's financial reporting process. Such items will include where relevant:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures.
- Scope of the consolidation, including any exclusion criteria applied to non-consolidated entities if any and whether they are in accordance with the financial reporting framework
- Significant difficulties, if any, encountered during the audit
- Significant matters, if any, arising from the audit that were discussed with management
- Matters regarding management's process for identifying and responding to the risks of fraud in the entity
- Disagreements with management, if any arising during the audit
- Other matters if any, significant to the oversight of the financial reporting process, including the strengths and weaknesses of the finance function and the quality of the financial statement preparation process.
- Written representations that we are seeking
- Expected modifications to the audit report. See draft opinion in Section 04.
- Related parties
- Going concern
- External confirmations
- Consideration of laws and regulations, including any significant matters involving actual or suspected non-compliance with laws and regulations or articles of association which were identified in the course of the audit, in so far as they are considered to be relevant in order to enable the audit committee to fulfil its tasks.
- Group audits
- Use of auditor's external specialists.

We have no other matters to report, other than those already include in this report.



03 Value for Money

Value for Money

The Authority's responsibility for Value for Money (VFM)

The PCC and CC are 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 its financial statements, the PCC and CC are required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the PCC and CC tailor the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment and status of our work

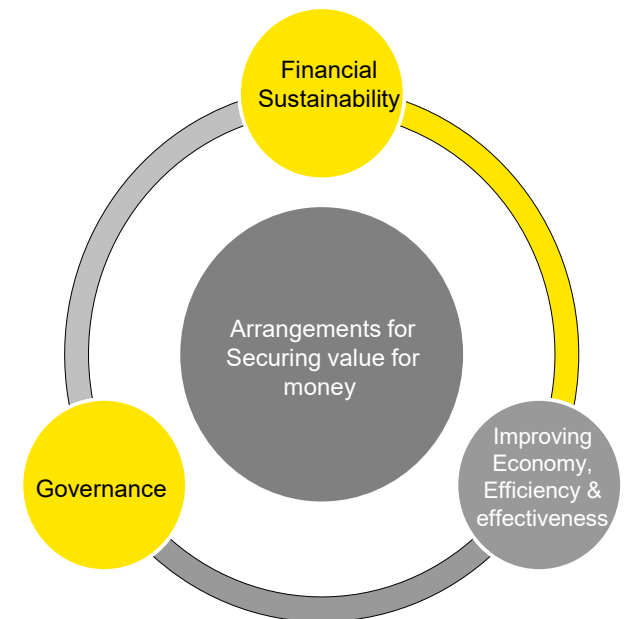
We are required to consider whether the PCC and CC have made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the NPCC's and CC's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

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

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

We have completed our detailed VFM work and identified a significant weakness in arrangements in relation to Governance as documented on the next page.



Corporate Governance (continued)

Risk of significant weakness in VFM arrangements

What is the risk of significant weakness?	What arrangements did this impact?	What did we do?
Capacity constraints of the finance team of the PCC and CC for 2024/25	<p>Governance:</p> <p>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, including in relation to significant partnerships.</p>	<p>Our approach focused on review of audit logs and correspondence documenting repeated delays in the provision of audit evidence between July 2025 to January 2026 and meetings with management.</p> <p>We concluded a significant weakness in VFM arrangements relating to this risk.</p>

Findings

During the 2024/25 audit, we identified a significant weakness in the arrangements to support the audit of the PCC's and CC's financial statements. Severe and prolonged capacity constraints within the finance team - arising from vacancies in key roles, unexpected staff absences, and structural gaps - resulted in substantial delays in the audit timetable and impacted the quality and timeliness of provision of sufficient and appropriate evidence for audit. These issues prevented the PCC and CC from demonstrating effective arrangements to ensure the timely preparation and submission of financial statements in accordance with statutory requirements.

The weakness relates to insufficient resilience and depth within the finance team to maintain essential financial reporting arrangements during periods of pressure, staff turnover or unexpected absence. The loss of key senior staff, combined with vacancies and periods of reduced availability, left the finance function without sufficient capacity to support the audit. As a consequence, there were substantial delays in the audit timetable due to capacity constraints in the finance team, meaning that sufficient and appropriate audit evidence could not be provided on a timely basis.

This weakness illustrates that the arrangements for resourcing and supporting the audit were not sufficiently robust to withstand unexpected absences or capacity pressures to support the financial reporting process. We recommend that the PCC and CC regularly review the capacity of the finance team to ensure that they are satisfied that there is the appropriate strength and depth in the finance team to establish robust contingency plans to ensure the finance team's functions continue during unexpected absences or resource constraints.

We have issued our draft VFM narrative commentary in our 2024/25 Draft Auditor's Annual Report which we reported to the Joint Independent Audit Committee in November 2025. We expect to issue the final version of this report in April 2026.



04 Audit Report

Audit Report

Audit report: PCC

The opinion below for the PCC is qualified and includes the paragraphs for the significant weakness in VFM as discussed in Section 03.

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR NORTHUMBRIA

Qualified opinion

We have audited the financial statements of the Police and Crime Commissioner for Northumbria for the year ended 31 March 2025 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Police and Crime Commissioner for Northumbria and Group Movement in Reserves Statement;
- Police and Crime Commissioner for Northumbria and Group Comprehensive Income and Expenditure Statement;
- Police and Crime Commissioner for Northumbria and Group Balance Sheet;
- Police and Crime Commissioner for Northumbria and Group Cash Flow Statement;
- Police and Crime Commissioner for Northumbria related notes 1 to 28, and Group related notes 1 to 15, including material accounting policy information; and
- Police and Crime Commissioner for Northumbria Pension Fund Account Statements; and its related notes 1 to 5.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section, the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Northumbria and the Group as at 31 March 2025 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared properly in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

Basis for qualified opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) ("the Regulations") which came into force on 30 September 2024 required the accountability statements for the year ended 31 March 2025 to be approved not later than 27 February 2026 ('the backstop date'). Where that date is missed, the Regulations require the accountability statements to be published as soon as reasonably practicable.

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code') requires that, after initial recognition, right-of-use assets are measured on the same measurement basis as owned assets of the same class, in accordance with the requirements for property, plant and equipment. For operational assets, this requires measurement at current value (being existing use value, or depreciated replacement cost, as appropriate), unless a specific exception applies.

The Police and Crime Commissioner for Northumbria and the Group has measured some of its right-of-use assets (£1.71 million out of £30.73 million) using a basis other than current value and has not aligned the subsequent measurement of these assets with the valuation approach applied to comparable owned property, plant and equipment. As a result, right of use assets are carried at amounts that do not reflect the measurement basis required by the CIPFA/LASAAC Code. Management have also not been able to provide an explanation to support their use of any exception to the CIPFA/LASAAC Code. Consequently, we cannot conclude that the measurement of all right of use assets are in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code. In the absence of valuations prepared on the appropriate basis, we are unable to conclude on whether the amounts reported are materially misstated.

In addition, the Code requires lease liabilities to be measured at the present value of future lease payments, discounted using either the interest rate implicit in the lease or the lessee's incremental borrowing rate, and to be subsequently measured at amortised cost, with remeasurement required when relevant changes occur (such as lease term, assessment of renewal options, index-linked cash flows, or residual value guarantees).

Audit Report

Our opinion on the financial statements

Management has not been able to provide sufficient, appropriate evidence to support key valuation inputs used in measuring lease liabilities. This includes evidence to support the determination of lease terms, assessments of extension or renewal options and documentation for certain lease payments that were excluded from the initial lease schedule. Because of the absence of sufficient appropriate audit evidence, we are unable to obtain assurance that lease liabilities are free from material misstatement.

These matters also give rise to a potential consequential impact on unusable reserves, depreciation charges, financing costs and the surplus or deficit on the provision of services.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Police and Crime Commissioner for Northumbria and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner and the Group's ability to continue as a going concern for a period to 31 March 2027.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Police and Crime Commissioner and the Group's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statements of Account, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the Statements of Account.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects

Audit Report

Our opinion on the financial statements

In respect of the following, we have matters to report by exception:

- Report on the Police and Crime Commissioner for Northumbria's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

Report on the Police and Crime Commissioner for Northumbria's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

We report to you, if we are not satisfied that the Police and Crime Commissioner for Northumbria has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Police and Crime Commissioner for Northumbria's arrangements for the year ended 31 March 2025.

Significant weakness in arrangements

Capacity constraints of the finance team of the Police and Crime Commissioner for Northumbria for 2024/25

Our judgement on the nature of the weakness identified

Severe and prolonged capacity constraints within the finance team - arising from vacancies in key roles, unexpected staff absences, and structural gaps - resulted in substantial delays in the audit timetable and affected the quality and timeliness of provision of sufficient and appropriate evidence for audit. The loss of key senior staff, combined with vacancies and periods of reduced availability, left the finance function without sufficient capacity to support the audit.

The evidence on which our view is based

Audit logs and correspondence documenting repeated delays in the provision of audit evidence between July 2025 to January 2026 and meetings with management.

The impact on the Police and Crime Commissioner for Northumbria

Failure to improve the Police and Crime Commissioner's processes to support the external audit and provide audit evidence on a timely basis may impact its ability to meet its statutory financial reporting deadlines.

The action the Police and Crime Commissioner for Northumbria needs to take to address the weakness.

The Police and Crime Commissioner for Northumbria should regularly review the capacity of the finance team to ensure that they are satisfied that there is the appropriate strength and depth in the finance team to effectively support the timely delivery of the external audit.

This issue is evidence of weaknesses in proper arrangements for how the Police and Crime Commissioner ensures effective processes and systems are in place to support its statutory financial reporting requirements.

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities set out on page [x], the Chief Finance Officer is responsible for the preparation of the Statements of Account, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner and the Group either intend to cease operations, or have no realistic alternative but to do so. The Police and Crime Commissioner and the Group are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Audit Report

Our opinion on the financial statements

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Police and Crime Commissioner and the Group and determined that the most significant are:
 - Local Government Act 1972,
 - Local Government Act 2003,
 - The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
 - The Local Audit and Accountability Act 2014 (as amended),
 - The Accounts and Audit Regulations 2015,
 - The Police Reform and Social Responsibility Act 2011,
 - Anti-social behaviour, Police and Crime Act 2014,
 - Police Pensions scheme regulations 1987,
 - Police Pensions regulations 2006; and
 - Police Pensions regulations 2015.

In addition, the Police and Crime Commissioner and the Group have to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, procurement and health & safety.

We understood how Police and Crime Commissioner and the Group are complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Police and Crime Commissioner's and the Group's committee minutes and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Police and Crime Commissioner's and the Group's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Police and Crime Commissioner's and the Group's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We also tested estimates for evidence of management bias and performed procedures to identify any significant or unusual transactions in the accounts for testing.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Audit Report

Our opinion on the financial statements

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Police and Crime Commissioner and the Group had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner and the Group put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Police and Crime Commissioner and the Group had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's and the Group's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Police and Crime Commissioner and the Group.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to Police and Crime Commissioner for Northumbria and the Group, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Northumbria and the Group, for our audit work, for this report, or for the opinions we have formed.

Claire Mellons (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Newcastle Upon Tyne
27 February 2026

Audit Report

Audit report: CC

The opinion below for the CC is unqualified but includes the paragraphs for the significant weakness in VFM as discussed in Section 03.

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF NORTHUMBRIA

Opinion

We have audited the financial statements of the Chief Constable of Northumbria for the year ended 31 March 2025 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Chief Constable of Northumbria Movement in Reserves Statement;
- Chief Constable of Northumbria Comprehensive Income and Expenditure Statement;
- Chief Constable of Northumbria Balance Sheet;
- Chief Constable of Northumbria Cash Flow Statement and the related notes 1 to 20, including material accounting policy information; and
- Chief Constable of Northumbria Pension Fund Account and its related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Northumbria as at 31 March 2025 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Chief Constable for Northumbria in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable's ability to continue as a going concern for a period to 31 March 2027.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Chief Constable's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statements of Account, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the Statements of Account.

Audit Report

Our opinion on the financial statements

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception:

- Report on the Chief Constable of Northumbria's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

Report on the Chief Constable of Northumbria's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

We report to you, if we are not satisfied that the Chief Constable of Northumbria has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Chief Constable of Northumbria's arrangements for the year ended 31 March 2025.

Significant weakness in arrangements

Capacity constraints of the finance team of the Chief Constable of Northumbria for 2024/25

Our judgement on the nature of the weakness identified

Severe and prolonged capacity constraints within the finance team - arising from vacancies in key roles, unexpected staff absences, and structural gaps - resulted in substantial delays in the audit timetable and affected the quality and timeliness of provision of sufficient and appropriate evidence for audit. The loss of key senior staff, combined with vacancies and periods of reduced availability, left the finance function without sufficient capacity to support the audit.

The evidence on which our view is based

Audit logs and correspondence documenting repeated delays in the provision of audit evidence between July 2025 to January 2026 and meetings with management.

The impact on the Chief Constable of Northumbria

Failure to improve the Chief Constable's processes to support the external audit and provide audit evidence on a timely basis may impact its ability to meet its statutory financial reporting deadlines.

The action the Chief Constable of Northumbria needs to take to address the weakness.

Audit Report

Our opinion on the financial statements

The Chief Constable of Northumbria should regularly review the capacity of the finance team to ensure that they are satisfied that there is the appropriate strength and depth in the finance team to effectively support the timely delivery of the external audit.

This issue is evidence of weaknesses in proper arrangements for how the Chief Constable ensures effective processes and systems are in place to support its statutory financial reporting requirements.

Responsibilities of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities set out on page [x], the Chief Finance Officer is responsible for the preparation of the Statements of Account, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Constable either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the [council/authority] and determined that the most significant are:
 - Local Government Act 1972,
 - Local Government Act 2003,
 - The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
 - The Local Audit and Accountability Act 2014 (as amended),
 - The Accounts and Audit Regulations 2015,
 - The Police Reform and Social Responsibility Act 2011,
 - Anti-social behaviour, Police and Crime Act 2014,
 - Police Pensions scheme regulations 1987,
 - Police Pensions regulations 2006; and
 - Police Pensions regulations 2015.

In addition, the Chief Constable has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, procurement and health & safety.

We understood how Chief Constable is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit and those charged with governance, and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Chief Constable's committee minutes and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

Audit Report

Our opinion on the financial statements

We assessed the susceptibility of the Chief Constable's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified management override of controls to be our fraud risks.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We also tested estimates for evidence of management bias and performed procedures to identify any significant or unusual transactions in the accounts for testing.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Chief Constable of Northumbria has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delayed Certificate

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Chief Constable of Northumbria.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the Chief Constable of Northumbria, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable of Northumbria, for our audit work, for this report, or for the opinions we have formed.

Claire Mellons (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Newcastle upon Tyne
Date



05 Audit Differences

Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We highlight the following misstatements that have been corrected by management that were identified during the course of our audit:

- Comprehensive Income and Expenditure Statement - CC and group: understatement of £0.670 million in Interest on the net defined benefit pension liability and overstatement in Actuarial loss recognised in OCI due to erroneous posting of the interest on unrecognised asset in OCI instead of Financing & Investment cost. Management agreed to correct this in the financial statements.
- Comprehensive Income and Expenditure Statement -PCC and group: understatement of income of £0.282 million due to non-recognition of proceeds of unclaimed property as income after the holding period for potential claims from owners have passed.
- Balance Sheet - PCC and group: reclassification misstatement between PPE and Right of Use Assets due to a leased asset valued at £29.025 million being held as PPE instead of Right of Use Assets.
- Balance Sheet - CC: reclassification adjustment required between the balances of Provisions and Short-Term receivable in the trial balance to tie up with the calculations and balance in the financial statements.

Disclosure misstatements:

Exit packages: Understatement of £16,548 in the amount of exit packages disclosed due to the omission of 'payment in lieu of notice'. Further audit procedures identified one other instance of exit package amounting to £19,750 that should be included in the disclosure but missed.

Employee Benefits: We identified a number of disclosure inconsistencies within the Employee Benefits notes for the PCC, CC and Group when compared to the information provided by the actuaries. Within the Assets and Liabilities in Relation to Post-Employment Benefits disclosures, the present value of the defined benefit obligation for the Police Pension Scheme (CC) is stated as £3.253 million, whereas the corresponding figure in the GAD report is £2.963 million. In addition, for the Local Government Pension Scheme (CC), the actual return on scheme assets is disclosed as £28.580 million, compared to £12.520 million in the AON report. Further discrepancies were identified within the Principal Financial and Actuarial Assumptions table for the Police Pension Scheme (CC). The future lifetime at age 65 for current female pensioners is disclosed as 23.3 years, compared to 23.9 years in the GAD report, while the future lifetime at age 65 for future male pensioners is disclosed as 23.9 years, compared to 23.3 years per the GAD report.

Vehicles, Plant & Equipment: Assets with £2.247 million in Cost and Accumulated depreciation and impairment were deemed no longer in use as of 31 March 2025, hence, appropriate to derecognise. Management agreed to correct this.

Management also agreed to correct minor casting and consistency differences across the three financial statements.

Audit Differences (continued)

Summary of unadjusted differences

In addition we highlight the following misstatements to the financial statements and disclosures which were not corrected by management. We ask that the Joint Independent Audit Committee request of management that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Joint Independent Audit Committee and provided within the Letter of Representation:

Uncorrected misstatements 31 March 2025 (£)	Effect on the current period		Net assets (Decrease)/Increase			
	OCI Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non- current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors - CC						
Known differences:						
Understatement in Pension assets due to the difference in pension assets value tested by the pension fund auditor and value used by the actuary in their preparation of the IAS 19 report.	(1,890,000)					1,890,000
Projected differences:						
Understatement of Accumulated Absences liability account due to difference in calculation of management and our testing for two sample items		1,193,526			(1,193,526)	
Balance sheet totals					(1,193,526)	1,890,000
Cumulative effect of uncorrected misstatements before turnaround effect	(1,890,000)	(1,193,526)				
Turnaround effect. See Note 1 on the next page	1,497,000					
Cumulative effect of uncorrected misstatements, after turnaround effect	(393,000)					
Errors - PCC						
Known differences:						
Overstatement in PPE - Vehicles and Equipment as we could not verify the existence of some assets		250,090		250,090		

Audit Differences (continued)

Summary of unadjusted differences (continued)

Uncorrected misstatements 31 March 2025 (£)	Effect on the current period		Net assets (Decrease)/Increase			
	OCI Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non- current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors - PCC (continued)						
Projected differences:						
Overstatement in Intangible Assets as the value of one sample asset was overstated by £6k compared to the invoice		124,805		(124,805)		
Balance sheet totals				1,890,000		
Cumulative effect of uncorrected misstatements before turnaround effect		374,895				
Turnaround effect. See Note 1 below:		(392,422)				
Cumulative effect of uncorrected misstatements, after turnaround effect		(17,527)				

There are no amounts that we identified that are individually or in aggregate material to the presentation and disclosures of the consolidated financial statements for the year ended 31 March 2025.

Note 1: turnaround effect is impact of uncorrected misstatements related to the prior period, on results of the current period. See details below:

- £1.497 million was due to the understatement in Pension assets in 2023/24, and
- £0.392 million was the net book value of PPE - Vehicle and Equipment that we couldn't verify the existence of in 2023/24.



06

Assessment of Control Environment

Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you any significant deficiencies in internal control including group-wide or at components.

We did not identify significant deficiencies in internal control, however we have identified significant weakness in VFM arrangements in relation to the capacity constraints of the finance team of the PCC and CC for 2024/25. See Section 03.

We also noted the following control observations for which we raised improvement recommendations.

Summary of control observations and recommendations

Control observation and impact	Grading			Recommendation	Management Response
	H	M	L		
<p>Capacity constraints of the finance team of the PCC and CC for 2024/25</p> <p>During the 2024/25 audit, we identified a significant weakness in the arrangements to support the audit of the PCC's and CC's financial statements. Severe and prolonged capacity constraints within the finance team - arising from vacancies in key roles, unexpected staff absences, and structural gaps - resulted in substantial delays in the audit timetable and impacted the quality and timeliness of provision of sufficient and appropriate evidence for audit. These issues prevented the PCC and CC from demonstrating effective arrangements to ensure the timely preparation and submission of financial statements in accordance with statutory requirements.</p>				<p>We recommend that the PCC and CC regularly review the capacity of the finance team to ensure that they are satisfied that there is the appropriate strength and depth in the finance team to establish robust contingency plans to ensure the finance team's functions continue during unexpected absences or resource constraints.</p>	<p>Management will consider the structure changes required to build capacity and resilience in the finance team. Going forward we will have additional resource and two Finance Leads fully involved in accounts and audit delivery to ensure we can effectively manage unplanned absences and resource constraints.</p>
<p>Financial reporting</p> <p>We noted that NPCC and CC are maintained in only one trial balance. Best practice suggests that entities have separate books to ensure transactions are recorded in the correct entity.</p> <p>We also noted that significant amount of manual intervention is required to prepare the financial statements, in particular the number of manual adjustments the finance team is required to make to the balances downloaded from PCC's and CC's financial information system. This leads to longer lead times in preparation of the financial statements and makes them more susceptible to error.</p>				<p>We recommend that management consider whether it is possible to use separate costs centres or account codes in their General Ledger for easy identification of transactions related to the PCC or CC.</p> <p>We also recommend that management post all adjustments in the ledger before generating the trial balance to be used in the preparation of the financial statements.</p>	<p>Management are exploring how we can make better use of the system and reporting attributes to reduce reliance on spreadsheet adjustments and analysis. We are confident improvements will be made ahead of the 2025/26 draft accounts publication.</p>

Assessment of Control Environment (continued)

Summary of control observations and recommendations (continued)

Control observation and impact	Grading			Recommendation	Management Response			
	H	M	L					
<p>Contract management</p> <p>In our review of the contract register and sample contracts for 24/25, we noted that the contract values in the register were not always accurate. For one sample, the updated charge for 24/25 was not reflected in the register. Also, management was unable to provide us with a signed copy of one contract. Failure to obtain and retain signed contracts may mean it is difficult for the PCC/CC to hold counterparties to account.</p>				<p>We recommend that management review their contract register to check accuracy with details of the contracts, and ensure that all final copies of the contracts have been retained.</p>	<p>Management accept the recommendation and the contract identified in the sample has been updated. However, where non-committal contracts are held, these include a contingency element for exceptional items of spend, to mitigate against any contract breach and actual spend would be expected to differ. Procurement are invested in moving all contracts to digital signing processes and away from wet signatures on physical contracts, this is a transition piece with good progress already delivered and expected to continue.</p>			
<p>Exit packages</p> <p>We identified one exit package included in the 2024/25 disclosure that was agreed in January 2024, hence, should have been presented in 2023/24 accounts. Further procedures also identified one other instance of exit package that should be included in the disclosure for 2024/25 but missed. The amounts paid to the former employees were not material, however, these instances should have been identified by the CC's control procedures.</p>							<p>We recommend that management review their process of identifying exit packages to be included in the disclosure and implement controls to ensure that all instances required to be disclosed have been identified and reported.</p>	<p>Management will review processes for identification of exit package data presented in the accounts to ensure that committed costs are recognised in the correct financial year and all cost data is accurate in the notes to the financial statements.</p>
<p>Invoice processing</p> <p>We found one journal transaction posted although the purchase order (PO) number does not match the invoice. Although this was flagged by the system for manual approval, the reviewer did not identify the mismatch and approved the invoice without further investigation. The value of the transaction was £239.20 which was clearly trivial.</p> <p>Failure to detect these discrepancies increases the risk of incorrect or invalid transactions being recorded, leading to potential misstatements in debtor/creditor balances and income/expenditure.</p>								

Assessment of Control Environment (continued)

Summary of control observations and recommendations (continued)

Control observation and impact	Grading			Recommendation	Management Response
	H	M	L		
<p>Absence of journal approval prior to posting</p> <p>Jl journals used to post monthly cash deposits from police stations do not require approval prior to posting in Unit4. Absence of approval increases the risk of incorrect or inappropriate journal postings going undetected.</p>				Management should introduce an approval workflow for all journals prior to posting in Unit4.	[To be confirmed]
<p>Completeness of Declaration of Interests</p> <p>A number of Declaration of Interests (DOI) do not disclose directorships in entities in Companies House. Although these entities have no transactions with PCC or CC and therefore do not result in misstatement, incomplete DOI records increase the risk that related party disclosures are inaccurate or incomplete in future periods. This may also limit management's ability to identify and assess potential conflicts of interest.</p>					

Grading	Definition
High	Matters and issues considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.
Moderate	Matters and issues considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within six months.
Low	A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.

Assessment of Control Environment (continued)

Status of previous year's recommendations

Recommendation	Grading			Update
	H	M	L	
<p>Fixed Assets Register</p> <p>We noted that there is no reconciliation of equipment listings used for asset management purposes to the fixed asset register that supports the financial statements. We also noted in the current year that some assets recorded in the fixed asset register dating from 2005/06 to 2019/20 cannot be separately identified during verification due to their age and lack of distinguishing information.</p> <p>Impact:</p> <p>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.</p> <p>Recommendation:</p> <p>We recommended that management update this reconciliation on a regular basis to obtain assurance that there is a fixed asset register in place to support the financial statements. Management should also ensure that the process for asset verification is applied consistently.</p>				<p>The fixed assets register ties up with the disclosure in the financial statements, however, some asset numbers are composed of multiple lines of equipment. Management explained that to resolve this, the following have been implemented from 24/25:</p> <ul style="list-style-type: none"> Management have started recording new purchases as individual assets in the register for more accurate monitoring and reporting. Policy changes were also made from 2024/25 to record individually small-value items as revenue expenditure instead of capital to avoid having to record purchases of equipment comprised of multiple items as one asset number. <p>However, management are yet to address the observation for the historic assets that are currently in the register,</p>



07

Other Reporting Issues

Other Reporting Issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the PCC and CC Statements of Account 2024/25 with the audited financial statements

We must also review the Annual Governance Statement and Narrative Report for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the PCC and CC Statements of Account 2024/25 and published with the financial statements were consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and Narrative Report. We have asked Management to include details of the significant weakness in VFM and what actions the PCC and CC are doing to resolve these in the Annual Governance Statement. We have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the NAO.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts. As the PCC and CC are below the £2 billion reporting threshold, we are only required to perform limited procedures. Also, we cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of PCC and CC.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (the Act) to consider whether to report on any matter that comes to our attention in the course of the audit, either for the PCC or CC to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State,

We did not identify any issues which required us to issue a report in the public interest or issue statutory recommendations under Schedule 7. We will monitor management's implementation of recommendations raised to address the significant weakness in VFM arrangements reported in Section 03 and consider issuing statutory recommendations in subsequent periods if improvements made are not satisfactory.



08

Independence

Independence

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

Relationships

There are no relationships from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by EY

There are no services provided by EY from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity. As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Independence

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.

A breakdown of our fees is shown in the table to the right.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the PCC and CC; and
- ▶ The PCC and CC have an effective control environment
- ▶ The PCC and CC comply with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.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.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. A narrative summary of the areas where we expect to raise scale fee variations for the audit of the PCC and CC are set out in the fee analysis on this page.

	Current Year	Prior Year
	£	£
Scale Fee - Code Work		
PCC	109,019	100,724
CC	59,471	52,804
Proposed scale fee variation		
PCC	TBD	
CC	Note 1	
Scale fee variation determined by PSAA		
PCC		54,016
CC		22,637
Total fees	TBD	230,181

All fees exclude VAT

(1) We propose to submit a scale fee variation to PSAA for additional 2024/25 work covering the following areas:

- Quality or preparation issues;
 - Management were not audit-ready at key stages, requiring rescheduling of work, increased senior audit involvement, and additional resources.
 - Delays and deficiencies in working papers, including incomplete submissions and discrepancies with the financial statements, resulted in audit inefficiencies and follow-up with NPCC.
 - Additional time was required to review the reconciliation between trial balance to financial statements, including manual adjustments.
 - Increased time required to monitor management's progress of submission of evidence required and quality checks to resolve outstanding audit matters.
- Additional time required to address the risks identified in Section 02 including implementation of new standard and consultation on qualification of opinion;
- Additional time to address the VFM risk and consult on significant weaknesses reported; and
- Using a lower materiality for the PCC and Group audit, given the volume of error identified in 2023/24.



09 Appendices

Appendix A - Required communications with those charged with governance

Required communications with those charged with governance

There are certain communications that we must provide to those charged with governance. We have detailed these here together with a reference of when and where they were covered:

Required communications	What is reported?	Our Reporting to you
		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.	Audit Planning Report - Joint Independent Audit Committee in June 2025
Planning and audit approach	Communication of: <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 	Audit Planning Report - Joint Independent Audit Committee in June 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 - Joint Independent Audit Committee in February 2026 This Audit Results Report - dated March 2026
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> ▪ Whether the events or conditions constitute a material uncertainty related to going concern ▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▪ The appropriateness of related disclosures in the financial statements 	Audit Results Report - Joint Independent Audit Committee in February 2026 This Audit Results Report - dated March 2026

Appendix A - Required communications with those charged with governance

		Our Reporting to you
Required communications	What is reported?	When and where
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 	<p>Audit Results Report - Joint Independent Audit Committee in February 2026</p> <p>This Audit Results Report - dated March 2026</p>
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"> ▪ Management; ▪ Employees who have significant roles in internal control; or ▪ 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. 	<p>Audit Results Report - Joint Independent Audit Committee in February 2026</p> <p>This Audit Results Report - dated March 2026</p>
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 	<p>Audit Results Report - Joint Independent Audit Committee in February 2026</p> <p>This Audit Results Report - dated March 2026</p>

Appendix A - Required communications with those charged with governance

		Our Reporting to you
Required communications	What is reported?	When and where
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> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <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>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Planning Report - Joint Independent Audit Committee in June 2025</p> <p>Audit Results Report - Joint Independent Audit Committee in February 2026</p> <p>This Audit Results Report - dated March 2026</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. 	<p>Audit Results Report - Joint Independent Audit Committee in February 2026</p> <p>This Audit Results Report - dated March 2026</p>
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 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 audit committee may be aware of 	<p>Audit Results Report - Joint Independent Audit Committee in February 2026</p> <p>This Audit Results Report - dated March 2026</p>
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▪ Significant deficiencies in internal controls identified during the audit. 	<p>Audit Results Report - Joint Independent Audit Committee in February 2026</p> <p>This Audit Results Report - dated March 2026</p>

Appendix A - Required communications with those charged with governance

		Our Reporting to you
Required communications	What is reported?	When and where
Group Audits	<ul style="list-style-type: none"> An overview of the type of work to be performed on the financial information of the components An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work Any limitations on the group audit, for example, where the group engagement team's access to 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. 	<p>Audit Planning Report - Joint Independent Audit Committee in June 2025</p> <p>Audit Results Report - Joint Independent Audit Committee in February 2026</p> <p>This Audit Results Report - dated March 2026</p>
Written representations we are requesting from management and those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and those charged with governance 	<p>Audit Results Report - Joint Independent Audit Committee in February 2026</p> <p>This Audit Results Report - dated March 2026</p>
System of quality management	<ul style="list-style-type: none"> How the system of quality management (SQM) supports the consistent performance of a quality audit 	<p>Audit Results Report - Joint Independent Audit Committee in February 2026</p> <p>This Audit Results Report - dated March 2026</p>
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	<p>Audit Results Report - Joint Independent Audit Committee in February 2026</p> <p>This Audit Results Report - dated March 2026</p>
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	<p>Audit Results Report - Joint Independent Audit Committee in February 2026</p> <p>This Audit Results Report - dated March 2026</p>

Appendix B - Outstanding matters

Outstanding matters

There are no outstanding matters in the audit.

Appendix C - Management representation letter

Management representation letter

Draft

Ernst & Young
[Address]

This letter of representations is provided in connection with your audit of the consolidated and Commissioner financial statements of Police and Crime Commissioner for Northumbria ("PCC") and Chief Constable for Northumbria ("CC") ("the Group, PCC and CC") ("the Group, PCC and CC") for the year ended 31 March 2025. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the Group, PCC and CC financial statements give a true and fair view of (or 'present fairly, in all material respects,') the Group, PCC and CC financial position of the Group, PCC and CC as of 31 March 2025 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group, PCC and CC, the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We understand that the purpose of your audit of our Group, PCC and CC financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and the parent Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

2. We acknowledge, as members of management of the Group, PCC and CC, our responsibility for the fair presentation of the Group, PCC and CC financial statements. We believe the Group, PCC and CC financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and parent Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The material accounting policy information adopted in the preparation of the Group, PCC and CC financial statements are appropriately described in the Group, PCC and CC financial statements.
4. As members of management of the Group, PCC and CC, we believe that the Group, PCC and CC have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 for the Group, PCC and CC that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the Group, PCC and CC financial statements taken as a whole. We have not corrected these differences because [specify reasons for not correcting misstatement].
6. We confirm the Group, PCC and CC do not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Group, PCC and CC's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.

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Management representation letter

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2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the Group, PCC and CC financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud, that may have affected the Group, PCC and CC (regardless of the source or form and including without limitation, any allegations by “whistleblowers”), including non-compliance matters:
 - Involving financial improprieties;
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Group, PCC and CC financial statements;
 - Related to laws or regulations that have an indirect effect on amounts and disclosures in the Group, PCC and CC financial statements, but compliance with which may be fundamental to the operations of the Group, PCC and CC’s business, its ability to continue in business, or to avoid material penalties;
 - Involving management, or employees who have significant roles in internal control, or others; and
 - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the Group, PCC and CC financial statements.

3. We have made available to you all minutes of the meetings of the Joint Independent Audit Committee, Joint Business Meeting, Office of the Police and Crime Commissioner, Executive Board and Police and Crime Panel (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: [list date].
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group, PCC and CC’s related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the Group, PCC and CC financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
6. We have disclosed to you, and the Group, PCC and CC have complied with, all aspects of contractual agreements that could have a material effect on the Group, PCC and CC financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From 27 February 2025, through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the Group, PCC and CC financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the Group, PCC and CC financial statements.

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2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the Group, PCC and CC financial statements all guarantees that we have given to third parties.
4. The claim by [name of claimant] have been settled for the total sum of XXX which has been properly accrued in the Group, PCC and CC financial statements. No other claims in connection with litigation have been or are expected to be received.

E. Going Concern

1. Note 3 to the PCC and CC financial statements discloses all the matters of which we are aware that are relevant to the PCC and CC's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than those described in Group - Note 14 , PCC-Note 27 Note and CC – Note 21 to the Group, PCC and CC financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the Group, PCC and CC financial statements or notes thereto.

G. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst parent Authority, subsidiary undertakings and associated undertakings.

H. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Governance Statement and Narrative Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

I. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and reflected in the consolidated and parent financial statements.
2. The key assumptions used in preparing the consolidated and parent financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, aligned with the statements we have made in the other information or other public communications made by us.

J. Ownership of Assets

1. Except for assets recognised as right-of use assets in accordance with IFRS 16 Leases, the Group, PCC and CC have satisfactory title to all assets appearing in the balance sheets, and there are no liens or encumbrances on the Group, PCC and CC's assets, nor has any asset been pledged as collateral, other than those that are disclosed in the financial statements. All assets to which the Group, PCC and CC have satisfactory title appear in the balance sheets.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the Group, PCC and CC financial statements.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. We have no other line of credit arrangements.

K. Equity

1. We have properly recorded or disclosed in the Group, PCC and CC financial statements the useable and unusable reserves.

L. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the Group, PCC and CC financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the Group, PCC and CC financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

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- 1) Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the Group, PCC and CC financial statements or as a basis for recording a loss contingency.

M. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the Gross Pension Liabilities, Property, Plant and Equipment and Investment Property and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Group, PCC and CC financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

N. Estimates

Valuation of Property, Plant and Equipment (NPCC, Group), Investment Property (NPCC, Group) and gross pension liability (Group, PCC and CC)

1. We confirm that the significant judgments made in making the valuation of Property, Plant and Equipment (NPCC, Group), Investment Property (NPCC, Group) and gross pension liability (Group, PCC and CC) have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of Property, Plant and Equipment (NPCC, Group), Investment Property (NPCC, Group) and gross pension liability (Group, PCC and CC).
3. We confirm that the significant assumptions used in making the valuation of Property, Plant and Equipment (NPCC, Group), Investment Property (NPCC, Group) and gross pension liability (Group, PCC and CC) appropriately reflect our intent and ability to carry out the assessments and valuations, and any specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the Group, PCC and CC financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

6. We confirm that appropriate specialized skills or expertise has been applied in making the valuation of Property, Plant and Equipment (NPCC, Group), Investment Property (NPCC, Group) and gross pension liability (Group, PCC and CC).
7. We confirm that no adjustments are required to the accounting estimates and disclosures in the Group, PCC and CC financial statements.

O. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully

Chief Financial Officer

Police and Crime Commissioner for Northumbria

Chief Constable of Northumbria

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