

JOINT INDEPENDENT AUDIT COMMITTEE

MONDAY 15 JUNE 2026, 14:00 – 16:00

OFFICE OF THE POLICE AND CRIME COMMISSIONER, VICTORY HOUSE

AGENDA

OPEN SESSION

- 1. INTRODUCTION**
- 2. DECLARATION OF INTEREST**
- 3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 23 FEBRUARY 2026**
(Attached)
- 4. MATTERS ARISING**
(Attached)
- 5. ANNUAL TERMS OF REFERENCE REVIEW**
OPCC Chief of Staff
(Paper attached)
 - a. APPOINTMENT OF CHAIR**
All
(Verbal update)
- 6. FINAL AUDITORS ANNUAL REPORT (AAR) 2024/25**
External Auditor
(Paper attached)
- 7. AUDIT PLANNING REPORT 2025/26**
External Auditor
(Paper attached)
- 8. JIAC ANNUAL REPORT**
JIAC Chair
(Paper attached)
- 9. JOINT STRATEGIC RISK REGISTER**
Head of Corporate Hub
(Paper attached)
- 10. TREASURY MANAGEMENT ANNUAL REPORT 2025/26**
Joint Chief Finance Officer
(Paper attached)
- 11. ANNUAL GOVERNANCE REVIEW – ASSURANCE FRAMEWORK 2025/26**
Joint Chief Finance Officer

(Verbal introduction to papers)

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

Appendices:

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



(Paper attached)

ix. JIAC Regulatory Framework Assurance

Joint Chief Finance Officer

(Paper attached)

x. Summary Report

Joint Chief Finance Officer

(Paper attached)

12. INTERNAL AUDIT CHARTER, STRATEGY STATEMENT 2026/27 – 2028/29 AND ANNUAL AUDIT PLAN

Internal Audit (RSM)

(Paper attached)

13. DATE TIME AND VENUE OF NEXT MEETING

Monday, 21 September 2026, 14:00pm, Office of the Police and Crime Commissioner

14. EXCLUSION OF THE PRESS AND PUBLIC – EXEMPT BUSINESS

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

Agenda item number	Paragraph of Schedule 12A to the Local Government Act 1972
15	7
16	7
17	7
18	7
19	7
20	7
21	7

NORTHUMBRIA POLICE MINUTES

Title Joint Independent Audit Committee (JIAC)	Meeting number 01/26
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Date 23 February 2026	Location Victory House (Training room); Balliol Business Park	Duration 14:00 – 15:50
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Present:

Committee Members:	C Young M Calam A Wigmore C Winfield P Wood	<i>Chair</i> <i>Vice Chair</i>
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Officers:

R Durham	Office of Police and Crime Commissioner (OPCC) Chief of Staff and Monitoring Officer
J Meir	Deputy Chief Council (DCC)
G Thompson	Joint Chief Finance Officer (CFO)

Invitees:

R Bowmaker	Internal Audit, Gateshead Council
S Dungworth	Police and Crime Commissioner (PCC)
C Mellons	External Audit, Ernst and Young (<i>present for items 1 – 7</i>)
R Merez	External Audit, Ernst and Young (<i>present for items 1 – 7</i>)
T Reade	Corporate Governance Manager
M Graham	Governance and Planning Adviser (<i>Secretary</i>)

Apologies:

E Cocker	Committee Member
P Godden	Head of Corporate Development
J Lawson	Assistant Chief Officer Corporate Services

OPEN SESSION**I. INTRODUCTION**

Chair opened the meeting.

a. STRATEGIC UPDATE – POLICE PRECEPTS

Joint CFO provided an overview of recent developments regarding police precepts, a provisional settlement was received from the government on 18 December 2025, though this was a single figure rather than the comprehensive overview received in previous years. The Force received assistance via the National Police Chiefs' Council

(NPCC) and, via the Police and Crime Commissioner (PCC), requested the Home Office reconsider this method. No change was made, though the force was able to appeal and received a 9% increase, totalling £18.50 per year for a Band D property from council tax to go towards policing. It was noted Northumbria Police has the lowest precept in the country.

Efficiency programmes are already in place to support the 2026 - 27 budget; the underspend from 2025 - 26 will also be reallocated to the upcoming budgets. DCC advised an upcoming Extraordinary Strategic Resourcing Board in March will further examine budget management.

Update noted.

b. STRATEGIC UPDATE – POLICE REFORM

DCC advised that a white paper was released in January 2026 and proposes significant reforms in policing. These include the establishment of a National Police Service to cover key areas of policing and further suggestions that the existing 43 force structure of policing nationally be altered to reduce the overall number of forces. Further information may be released in Summer 2026; combining forces would in part be a cost saving measure, for example by reducing the number of forces all separately paying for IT services.

The DCC noted they believe an alteration to the current force structure would be to the benefit of policing overall; however, many concerns arise regarding how this would be implemented, such as who forces would be accountable to due to existing authority boundaries., For some forces this is straightforward, but not for others whose current areas of operation cross authority boundaries, particularly with the announced abolition of PCCs.

OPCC Chief of Staff and Monitoring Officer advised the PCC and the North East Mayor have co-authored a letter to the Home Office to advise their understanding is that the powers of the PCC will transfer to the Mayor once the PCC role comes to an end, though a response has not yet been received.

M Calam recommended a representative of the Force be sent to the Home Office in London to liaise on police reform matters if the opportunity arises. DCC noted north east Chief Constables are looking to appoint a chief officer to liaise on police reform and have invited Home Office teams into Force recently to remain connected to ongoing conversations within the Home Office. Regular briefings are also delivered to the Executive Team.

Update noted.

2. DECLARATION OF INTEREST

M Calam noted they are now a member of the Parish Council for Longhoughton and as part of this role they Chair a Police Liaison Board.

3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 26 NOVEMBER 2025

P Wood requested a wording change to a section of item 06. Joint Strategic Risk Register as this currently suggests there have been vetting concerns for JIAC members, the minutes will be amended to reflect that vetting for all JIAC members is up to date

and requires no further action; comments were regarding confidence in current Force vetting.

4. MATTERS ARISING

Action list updated.

5. JOINT AUDIT RESULTS REPORT (ARR) 2024/25

Joint CFO provided an overview, highlighting the adjusted and unadjusted misstatements identified by the auditor. Additional staffing resources have been provided to the Finance team, with a Finance Lead joining in January 2026 and an additional senior role identified to assist in building resilience within the Finance Department.

Joint CFO advised that they have confidence in the audited documents as the volume of errors identified was low; work will now commence to ensure the identified errors are not repeated in future. It was noted having zero identified errors is unlikely; however the additional resourcing now in place should reduce the amount of errors in future audits.

External Auditor advised they remain in close communication with the Joint CFO and Finance team, a final opinion is required by 28 February 2026, this deadline is expected to be met; however if there is a danger it would be missed, an opinion with a limited scope would be provided to ensure requirements are met.

C Winfield raised several queries for response by the External Audit. It was advised Red, Amber, Green (RAG) ratings have remained mostly unchanged, controls are deemed to still be sufficient, with recent challenges in reporting all having resulted from resourcing difficulties within the Finance Department which are now being addressed.

A query was also raised on the Force's ledger system; it was advised the Force is exploring how to better utilise the technology it has, switching to a new ledger system is not considered a viable option. External Advisor suggested using different codes to differentiate between transactions assigned to the Chief Constable and the PCC could quickly remove the need for quarterly exercises currently needed to distinguish between the two.

C Winfield requested the Committee receive a copy of the relevant accounts in the future to improve their understanding and the feedback they provide; Joint CFO advised a copy of the draft accounts will be provided going forward.

ACTION: Joint CFO to provide a copy of the relevant draft accounts for agenda items in future meetings.

Update noted.

6. JOINT AUDITORS ANNUAL REPORT (AAR) 2024/25

External Audit advised there is no update to the draft previously shared with the Committee in November 2025; the final position will be shared with the Joint CFO in week commencing 02 March 2026.

Update noted.

7. FINAL ANNUAL GOVERNANCE STATEMENTS 2024/25

Joint CFO delivered an overview of the statements, which were agreed in draft in June 2025. M Calam noted the number of JIAC members is listed differently on each statement; the Chief Constable's Annual Governance Statement is to be amended to reference six members of JIAC.

ACTION: Joint CFO to amend the Chief Constable's Annual Governance Statement to reference six members of JIAC.

P Wood noted the high volume of complaints received by the Force and queried if this could be considered a risk linked to public confidence.

DCC advised they do not believe this is an area of concern; the Force has been assessed highly for their process of identifying and cataloguing complaints, noting a high volume of complaints could indicate a confidence from the public that the Force will be responsive to any areas of complaint.

DCC noted incivility from officers to offenders has been found to be an area of concern, this is linked to the treatment of offenders more broadly, as there is minimal engagement with offenders regarding their experience with the police.

It was queried if taking the approach of comparing the Force to itself year on year would be more informative; it was noted that investigating the reasons for the volume of complaints received by the Force may fall outside the scope of JIAC. The Force is regularly scrutinised in this area by the Police and Crime Commissioner. Chair will discuss this further with the OPCC Chief of Staff and Monitoring Officer outside of the meeting.

Update noted.

8. TREASURY POLICY STATEMENT AND TREASURY STRATEGY 2026/27 TO 2029/30

Joint CFO advised the Force's borrowing and investing position is broadly unchanged since previous reporting, the Force strategy remains to keep borrowing short at the present time. Local authorities remain among the highest areas of investment due to the financial security of their government backing, with the only potential risk being the timing of monetary return.

Chair requested ongoing training be provided to Committee members on this area of business so ensure members remain up-to-date in their understanding, Joint CFO suggested this training be completed ahead of the June meeting and be repeated annually.

ACTION: Joint CFO to arrange an annual training session for Committee members ahead of the next JIAC meeting.

9. ANNUAL GOVERNANCE REVIEW – ASSURANCE FRAMEWORK 2025/26

Joint CFO delivered an overview, noting reports which will return to the Committee and the thematic areas covered in the Annual Governance Statement.

M Calam encouraged the Force to consider the quality of how reviews are conducted and to ensure focus on accurately following the review process does not negatively

impact the quality of the final product. Joint CFO advised they will reflect on how this can inform future review work.

Update noted.

10. JOINT STRATEGIC RISK REGISTER

Corporate Governance Manager provided an update, noting the report is reflective of the annual review of risk and includes a revised appetite statement. This appetite statement is more cautious than those previously seen by the Committee, to provide a period of implementation and consolidation following investment in several property and digital projects.

OPCC Chief of Staff and Monitoring Officer provided an update on risk, noting the distinction now made between ongoing and time-bound controls and advised a risk has been added regarding the transition of OPCC responsibilities which will be available in the next meeting.

Update noted.

11. 2026 UPCOMING PAPERS

Deputy Chair requested further clarity be provided on how the various upcoming agenda items relate to each other, Joint CFO advised a revised overview will be provided in June.

ACTION: Joint CFO to provide a revised overview of upcoming papers at the June meeting, providing information on how agenda items relate to and inform one another.

12. DATE TIME AND VENUE OF NEXT MEETING

Monday, 15 June 2026, 14:00pm, Office of the Police and Crime Commissioner for Northumbria; Victory House (Training room); Balliol Business Park; Benton Lane; Newcastle; NE12 8EW

13. EXCLUSION OF THE PRESS AND PUBLIC – EXEMPT BUSINESS

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

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17	7
18	7
19	7

Reference	Meeting	Agenda Item/Title/Context	Open/Closed Session	Action	Detail	Assigned to	Update
JJAC010	JJAC 02/25	<p>09. Joint Independent Audit Committee Annual Report Chair provided an overview of the annual report, confirming the appointment of two new members, Mary Calam and Andrew Wigmore and reaffirmed the Committee's approval of the revised Terms of Reference. P Wood queried what measures hold the Committee and members to account and if these are deemed sufficient. It was noted that the quarterly JJAC meetings attended by either the Chief Constable and Police and Crime Commissioner or their representatives provide oversight, Committee members hold each other to account, and oversight is also provided by the external auditor. Corporate Governance Manager noted that as no concerns have been raised regarding any current Committee members there has been no need for additional scrutiny or for discussions on holding members to account. It was suggested that further clarity on this could be provided in future reports from the Committee, with assistance from the OPCC Chief of Staff and Monitoring Officer. It was also suggested that Committee members could be provided with peer-to-peer talks with members of JJACs from other police forces.</p>	OPEN	ACTION	To explore options regarding peer-to-peer discussions with JJAC members from other police forces.	OPCC Chief of Staff and Monitoring Officer	<p>26/11/25 - Durham and Cleveland JJACs work from very different models but this is not expected to stop collaboration, work is ongoing to arrange discussions.</p> <p>22/09/25 - Durham and Cleveland OPCC officers are receptive to collaboration, further discussion to be held in October.</p> <p>Chief of Staff has met with the Chair and Vice Chair and will contact Durham and Cleveland OPCC officers to explore options regarding peer-to-peer discussions for the Chair and Vice Chair with their JJAC Chairs to consider sharing best practice.</p>
JJAC015	JJAC 03/25	<p>05. CIPFA FM Review Joint CFO delivered an overview of the CIPFA report, and summary of recommendations. It was noted that there were instances in which some safeguarding measures were not detected in the framework of the CIPFA audit process.</p> <p>The Force is prioritising those recommendations which will integrate well with existing processes and will consider those which would take longer to implement at a later date. Some recommendations may also be taken onboard in part, for example, consideration is being given to lifting elements from the Business Partnering Model noted in one recommendation; a full partnering model is not considered to be the right approach for the Force.</p> <p>Training to improve financial acumen is being planned for members of the Senior Leadership Team and key stakeholders.</p>	OPEN	ACTION	To provide an update on the CIPFA Financial Management (FM) Review alongside the Annual Assurance Review	Joint Chief Finance Officer	26/11/25 - Joint CFO advised an additional update will be provided in June 2026.
JJAC016	JJAC 03/25	<p>06. Joint Strategic Risk Register Chair raised a suggestion on behalf of the Committee regarding risk, queried if the possibility of holding separate monthly meetings with risk owners could be considered as this could provide additional insight into each risk area and improve members' understanding of risk overall.</p> <p>DCC acknowledged such discussions might be helpful, but concerns were raised that this may fall outside of the scope of the Committee. It was suggested that instead, a more in-depth discussion of selected risk areas could be incorporated into the existing JJAC meetings.</p>	OPEN	ACTION	To consider future reporting format for the Joint Strategic Risk Register to inform JJAC members' understanding of the risk management framework and associated control environment.	Head of Corporate Development	<p>23/02/26 - Ongoing work to the Strategic Risk Register may negate the need for a workshop, a more detailed report will be provided in June.</p> <p>26/11/25 - Chair proposed a risk workshop be held for members in February 2026 in advance of the next Committee meeting.</p>

JJAC018	JJAC 01/26	<p>05. Joint Audit Results Report (ARR) 2024/25 A query was also raised on the Force's ledger system; it was advised the Force is exploring how to better utilise the technology it has, switching to a new ledger system is not considered a viable option. External Advisor suggested using different codes to differentiate between transactions assigned to the Chief Constable and the PCC could quickly remove the need for quarterly exercises currently needed to distinguish between the two.</p> <p>C Winfield requested the Committee receive a copy of the relevant accounts in the future to improve their understanding and the feedback they provide; Joint CFO advised a copy of the draft accounts will be provided going forward.</p>	OPEN	ACTION	To provide a copy of the relevant draft accounts for agenda items in future meetings.	Joint Chief Finance Officer	
JJAC019	JJAC 01/26	<p>07. Final Annual Governance Statements 2024/25 Joint CFO delivered an overview of the statements, which were agreed in draft in June 2025. M Calam noted the number of JJAC members is listed differently on each statement; the Chief Constable's Annual Governance Statement is to be amended to reference six members of JJAC.</p>	OPEN	ACTION	To amend the Chief Constable's Annual Governance Statement to reference six members of JJAC.	Joint Chief Finance Officer	
JJAC020	JJAC 01/26	<p>08. Treasury Policy Statement and Treasury Strategy 2026/27 to 2029/30 Joint CFO advised the Force's borrowing and investing position is broadly unchanged since previous reporting, the Force strategy remains to keep borrowing short at the present time. Local authorities remain among the highest areas of investment due to the financial security of their government backing, with the only potential risk being the timing of monetary return.</p> <p>Chair requested ongoing training be provided to Committee members on this area of business so ensure members remain up-to-date in their understanding. Joint CFO suggested this training be completed ahead of the June meeting and be repeated annually.</p>	OPEN	ACTION	To arrange an annual training session for Committee members ahead of the next JJAC meeting.	Joint Chief Finance Officer	
JJAC021	JJAC 01/26	<p>11. 2026 Upcoming Papers Deputy Chair requested further clarity be provided on how the various upcoming agenda items relate to each other, Joint CFO advised a revised overview will be provided in June.</p>	OPEN	ACTION	To provide a revised overview of upcoming papers at the June meeting, providing information on how agenda items relate to and inform one another.	Joint Chief Finance Officer	

Short report for decision

Joint Independent Audit Committee	15th June 2026
Annual Review of the Terms of Reference – Joint Independent Audit Committee	
Report of: Ruth Durham Chief of Staff OPCC/DCC Jayne Meir	
Author: Ruth Durham Chief of Staff OPCC	

1. PURPOSE

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

2. BACKGROUND

- 2.1 JIAC is established by the Police and Crime Commissioner and Chief Constable to consider the financial governance, assurance, risk management and statutory financial duties for both the Office of the Police and Crime Commissioner and Office of the Chief Constable. The terms of reference are reviewed on an annual basis and this report provides proposals for changes that will be shared with the committee at their first meeting in the 2026/27 financial year.

3. ANNUAL REVIEW 2026/27

- 3.1 The ToR reference the appointment of a Chair and Vice Chair at the first meeting of the JIAC in a financial year. The term length for the Chair and Vice Chair is currently one year. At the meeting in June 2025 members suggested that the term for these positions should be two years. This amendment is shown in the membership section of the updated ToR at App A.
- 3.2 There are no other proposed amendments to the ToR.

4. FOR CONSIDERATION

- 4.1 Members are asked to consider these revised terms of reference and confirm adoption for 26/27.



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

TERMS OF REFERENCE – June 2026

Introduction

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

Membership

3. The Committee will consist of six members recruited by open advert, for an initial term of four years, with the option of a second four-year term. No member will sit for more than two terms.
4. The Committee will appoint a Chair and Vice Chair from amongst its members, every two years with effect from 2026/27 at the first meeting of that financial year.

Attendance

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

Secretarial Assistance

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



Quorum

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

Frequency of Meetings

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

Notice of Meetings

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

Minutes of Meetings

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

Programme of Work

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



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Authority

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

Reporting

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

Review of Effectiveness

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

Review and Revision

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

Purpose of the Committee

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



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Duties of the Committee

28. The duties of the JIAC are:

Audit activity

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



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

Regulatory Framework

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



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

Revised June 2026.

The Police and Crime Commissioner for Northumbria and Chief Constable of Northumbria

Auditor's Annual Report - Final
Year ended 31 March 2025
20 May 2026



The better the question. The better the answer. The better the world works.



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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

20 May 2026

Dear Joint Independent Audit Committee members

2024/25 Auditor's Annual Report - Final

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for Police and Crime Commissioner for Northumbria and the Chief Constable for Northumbria. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2024/25.

This report is intended to draw to the attention of the Police and Crime Commissioner for Northumbria and the Chief Constable for Northumbria's Joint Independent Audit Committee any relevant issues arising from our work up to the date of issuing the report. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the next Joint Independent Audit Committee meeting.

The [2025 Transparency Report](#) for EY UK provides details regarding the firm's system of quality management, including EY UK's system of quality management annual evaluation conclusion as of 30 June 2025.

Yours faithfully

Claire Mellons

Partner, For and on behalf of Ernst & Young LLP

Enc

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02 Audit of financial statements

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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 and Chief Constable of Northumbria 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 and Chief Constable of Northumbria those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Joint Independent Audit Committee and management of Police and Crime Commissioner for Northumbria and Chief Constable of Northumbria for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary

Executive Summary

Purpose

The Auditor's Annual Report summarises the year's audit work, including value for money commentary and confirmation of the financial statement opinion. It also references any use by the auditor of their additional powers and duties under the Local Audit and Accountability Act 2014. In line with the NAO Code of Audit Practice 2024 ("the 2024 Code") and Auditor Guidance Note 03 (AGN 03), this report provides an overview to Police and Crime Commissioner for Northumbria, the Chief Constable for Northumbria and the public, detailing current recommendations and a review of prior years' actions, including our assessment of whether they have been satisfactorily implemented.

Auditors must issue their draft annual report to those charged with governance by 30 November each year, reflecting the audit position and value for money assessment at that time, even if the 2024/25 audit is ongoing. We issued our draft Auditor's Annual Report as required on 12 November 2025.

Responsibilities of the appointed auditor

We have undertaken our 2024/25 audit work in accordance with the Audit Plan that we issued on 30 April 2025. We have complied with the 2024 Code, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- whether the financial statements give a true and fair view of the financial position of the Police and Crime Commissioner for Northumbria and the Chief Constable for Northumbria and its expenditure and income for the year; and
- have been prepared properly in accordance with the relevant accounting and reporting framework.

Reporting by exception:

- if the Annual Governance Statement does not comply with relevant guidance or is not consistent with our understanding of the Police and Crime Commissioner for Northumbria and the Chief Constable for Northumbria;
- the use of additional powers and duties, for example making written recommendations under Section 24 and Schedule 7 of the Act or making a report in the public interest; and
- if we identify a significant weakness in the Police and Crime Commissioner for Northumbria and the Chief Constable for Northumbria's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Police and Crime Commissioner and the Chief Constable

The Police and Crime Commissioner and the Chief Constable are responsible for the preparation of the financial statements, including the narrative statement and governance statement, in accordance with the CIPFA Code and for having internal controls in place to ensure these financial statements are free from material error. They are also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

Executive Summary (continued)

2024/25 conclusions

<p>Financial statements</p>	<p>As reported in our 2023/24 Auditor’s Annual Report Audit, we issued an unqualified opinion on the Police and Crime Commissioner for Northumbria and the Chief Constable for Northumbria’s 2023/24 financial statements on 28 February 2025.</p> <p>We planned to commence our 2024/25 audit on 30 June 2025 and issue our Audit Opinions by the end of November 2025. EY’s Head of UK Government and Public Sector Audit wrote to the Section 151 officer at the Police and Crime Commissioner and the Chief Constable on 3 June 2025 to set out our current approach to Phase 2. In line with the Government’s requirement to deliver audits to an earlier timetable in future years, and considering our available resource, we phased a large proportion of our audits to be finalised prior to 31 December 2025, with a smaller proportion extending through to February 2026. At the same time, we needed to remain mindful of the expectations on us to safeguard the timeliness of the audits in other priority sectors where we audit public funds - central government, the NHS and higher education. In respect of the delivery of 2024/25 audits, as in 2023/24, we therefore prioritised those audits that we considered to meet the following criteria:</p> <ul style="list-style-type: none"> ▪ high-quality draft unaudited financial statements published by 1 July 2025; ▪ evidence that the relevant finance teams can effectively and efficiently support the audit process; and ▪ high-quality audit evidence and supporting information that is delivered in accordance with our agreed timetable and in advance of the commencement of the audit. <p>For the reasons set out in our Value for Money commentary, we were unable to complete our audit work as planned and the audit had been rescheduled to commence in January 2026. We have considered the weaknesses in the Police and Crime Commissioner and the Chief Constable’s arrangements for external financial reporting that led us to reprioritise the audit as part of our Value for Money work and raised related recommendations for improvement. See Section 03 for further details.</p> <p>While audit execution resumed, ongoing capacity and capability constraints within the finance function continued to affect audit delivery and the timely provision of sufficient, appropriate audit evidence. In order to meet the statutory backstop date for publication, limitations remained in respect of certain areas of the audit. In particular, we were unable to obtain sufficient appropriate audit evidence in relation to valuation of Right of Use Assets and Lease Liabilities, which resulted in the issuance of a qualified Audit Opinion for the Police and Crime Commissioner for Northumbria. Our Audit Opinion for the Chief Constable of Northumbria was unmodified, and both Audit Opinions were dated 27 March 2026.</p>
<p>Going concern</p>	<p>We have concluded that the Chief Finance Officer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p>

Executive Summary (continued)

2024/25 conclusions (continued)

Consistency of the other information published with the financial statements	We have concluded that financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	<p>We have one matter to report by exception on the Police and Crime Commissioner and the Chief Constable's VFM arrangements, relating to a significant weakness in arrangements under the governance criteria.</p> <p>We have included our VFM commentary in Section 03.</p>
Consistency of the Annual Governance Statement	We have concluded that Annual Governance Statement was consistent with our understanding of the Police and Crime Commissioner and the Chief Constable.
Additional powers and duties	In the draft version of this report issued in November 2025, we reported that we have not used our additional powers and duties; however, should management not be able to support the rescheduled audit in January 2026 we will consider whether any further action is necessary. Given that management were able to support the audit in all areas, other than for the implementation of IFRS 16 at the Police and Crime Commissioner, we concluded that the use of our additional powers and duties was not required.
Whole of Government Accounts	We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed the final reporting position and whether any questions will be raised on individual returns. We cannot issue our Audit Certificate until these procedures are complete.
Certificate	We will issue our Audit Certificate upon receipt of confirmation from the NAO that no further procedures will be requested in relation to the Police and Crime Commissioner and the Chief Constable's Whole of Government Accounts submission.

Executive Summary (continued)

Value for money scope

Under the 2024 Code, we are required to consider whether the Police and Crime Commissioner and the Chief Constable have put in place 'proper arrangements' to secure economy, efficiency and effectiveness in their use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Police and Crime Commissioner and the Chief Constable a commentary against specified reporting criteria (see below) on the arrangements the Police and Crime Commissioner and the Chief Constable have in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

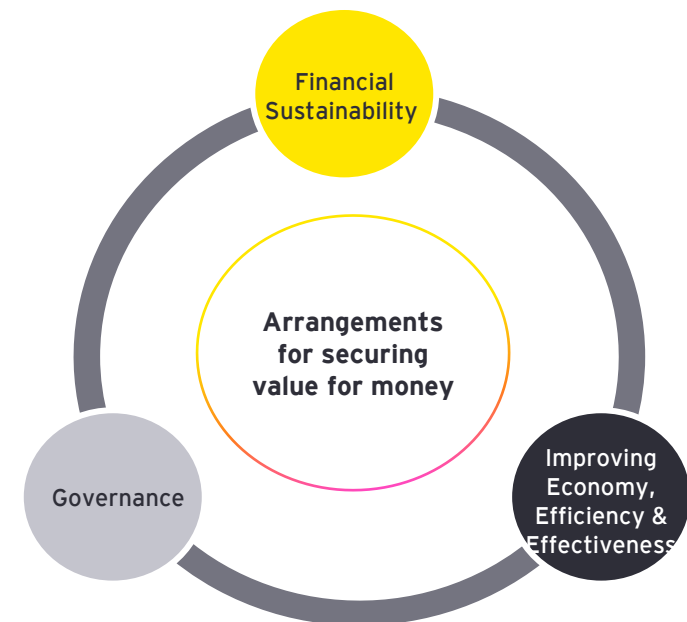
We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's report on the financial statements.

The specified reporting criteria are:

- Financial sustainability - How the Police and Crime Commissioner and the Chief Constable plans and manages their resources to ensure they can continue to deliver their services.
- Governance - How the Police and Crime Commissioner and the Chief Constable ensures that they make informed decisions and properly manage their risks.
- Improving economy, efficiency and effectiveness - How the Police and Crime Commissioner and the Chief Constable use information about their costs and performance to improve the way they manage and deliver their services.

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

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



Executive Summary (continued)

Reporting

Our commentary for 2024/25 is presented in Section 03. This section provides a summary of our understanding of the arrangements at the Police and Crime Commissioner and the Chief Constable, as determined from our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2024/25 and up to the date of issuing this Auditor's Annual Report. The recommendations we have agreed upon with the Police and Crime Commissioner and the Chief Constable are included in Appendices A and B.

In compliance with the 2024 Code, we are required to provide commentary against the three specified reporting criteria. The table below outlines these criteria, indicates whether a significant risk of weakness was identified during our planning procedures, and details our current conclusions regarding any significant weaknesses within your arrangements.

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Police and Crime Commissioner and Chief Constable plan and manage their resources to ensure they can continue to deliver their services	No significant risks identified	No significant weakness identified
Governance: How the Police and Crime Commissioner and Chief Constable ensures that they make informed decisions and properly manage their risks	Capacity constraints of the finance team for 2024/25	Significant weakness identified
Improving economy, efficiency and effectiveness: How the Police and Crime Commissioner and Chief Constable use information about their costs and performance to improve the way they manage and deliver their services	No significant risks identified	No significant weakness identified

Executive Summary (continued)

Independence

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

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

EY Transparency Report 2025

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2025:

[EY UK 2025 Transparency Report | EY - UK](#)



02

Audit of financial statements

Audit of financial statements

Key findings

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

We reported our audit scope, risks identified and detailed findings in our Audit Results Report presented to the Joint Independent Audit Committee on the 23 February 2026. We issued our audit opinions on the 27 March 2026.

We outline below the key issues identified as part of our audit. We reported nine internal control recommendations and eight areas for improvement in the control environment in our Audit Results Report.

Financial statement risks	Status of our work
Misstatement due to fraud or error (PCC and CC)	<p>Our work identified the following reportable difference as part of our risk based testing of journals:</p> <ul style="list-style-type: none">Comprehensive Income and Expenditure Statement -PCC and group: understatement of income of £0.282 million due proceeds of unclaimed property not being recognised as income after the holding period for potential claims from owners have passed. <p>Based on our assessment, this was an error in accounting for the proceeds and not indicative of management override of control.</p> <p>We also noted one control deficiency in relation to posting of journals for which we raised a recommendation. This deficiency was not considered significant.</p> <p>There were no other findings to report.</p>
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure (PCC)	<p>There were no findings to report.</p>
Valuation of Land and Buildings (PCC)	<p>Our work identified the following reportable difference which was adjusted for in the final version of the financial statements:</p> <ul style="list-style-type: none">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. <p>There were no other findings to report.</p>

Audit of financial statements

Key findings (continued)

Financial statement risks	Status of our work
Valuation of Pension Liabilities (PCC and CC)	<p>Our work identified the following reportable differences:</p> <ul style="list-style-type: none">▪ Balance Sheet - CC and group: 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 other comprehensive income ('OCI') due to erroneous posting of the interest on unrecognised asset in OCI instead of financing & investment cost. Management corrected this in the final version of the accounts.▪ Employee Benefits: We also identified disclosure changes within the Employee Benefits notes (PCC, CC and Group) to reconcile the values to the IAS 19 reports received from the actuary. <p>We had no other findings to report.</p>
Impact of implementation of IFRS 16 (PCC and CC)	<p>We were unable to complete our planned procedures in this area. Refer to the section on 'Delivery of working papers in accordance with agreed client assistance schedule' on page 14 for details.</p>

Audit of financial statements

Financial Statement reporting assessment

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. All remaining information required to complete the audit was subsequently received except for Right of Use Assets and Lease Liabilities which resulted in the issuance of a qualified audit opinion for the Police and Crime Commissioner. We were able to complete the remainder of the audit, with an unmodified audit opinion issued for the Chief Constable. Both opinions were issued on 27 March 2026.</p>	We consider this further in our VFM reporting. See Section 03.

Audit of financial statements

Financial Statement reporting assessment (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. 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.
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.
Volume and value of identified misstatements	Requires improvement			We have identified several misstatements in the financial statements including casting and consistency points.	N/A
Volume of misstatements in disclosure	Requires improvement			We have identified a few disclosure misstatements in the financial statements.	N/A



03

Value for Money commentary

Value for Money




The Police and Crime Commissioner and the Chief Constable's responsibilities for value for money

The Police and Crime Commissioner and the Chief Constable are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

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

Our responsibilities

Under the revised NAO Code, we are required to consider whether the Police and Crime Commissioner and the Chief Constable has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in their use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Police and Crime Commissioner and the Chief Constable a commentary against specified reporting criteria on the arrangements the Police and Crime Commissioner and the Chief Constable has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period. Our summary is below:

	Significant risk identified	Significant weakness identified
 <p>Financial sustainability How the Police and Crime Commissioner and the Chief Constable plans and manages its resources to ensure it can continue to deliver its services.</p>	<ul style="list-style-type: none"> No risks of significant weakness identified. 	<ul style="list-style-type: none"> No significant weakness identified.
 <p>Governance How the Police and Crime Commissioner and the Chief Constable ensures that it makes informed decisions and properly manages its risks.</p>	<ul style="list-style-type: none"> Capacity constraints of the finance team 	<ul style="list-style-type: none"> Capacity constraints of the finance team
 <p>Improving economy, efficiency and effectiveness How the Police and Crime Commissioner and the Chief Constable uses information about its costs and performance to improve the way it manages and delivers its services.</p>	<ul style="list-style-type: none"> No risks of significant weakness identified. 	<ul style="list-style-type: none"> No significant weakness identified.



VFM commentary: Financial Sustainability

Financial sustainability: Our audit procedures

Our audit procedures obtained assurance over the arrangements in place for the Financial Sustainability sub-criteria set out in AGN03:

- How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the body plans to bridge its funding gaps and identifies achievable savings;
- How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Significant risks identified during planning procedures

Within our Audit Planning Report, we reported that we were yet to complete our detailed VFM planning. We have now completed this work and did not identify any risks of significant weakness in the Police and Crime Commissioner and the Chief Constable's arrangements for financial sustainability.

In prior years, no significant weaknesses were identified and there are no outstanding recommendations relating to prior years.

In 2024/25, we did not identify any recommendations in relation to financial sustainability. The Police and Crime Commissioner and Chief Constable's underlying arrangements in relation to financial sustainability are not significantly different in 2024/25.

Overview of our conclusions

Based on the work performed, the Police and Crime Commissioner and the Chief Constable had proper arrangements in place in 2024/25 to plan and manage their resources to ensure they can continue to deliver their services.



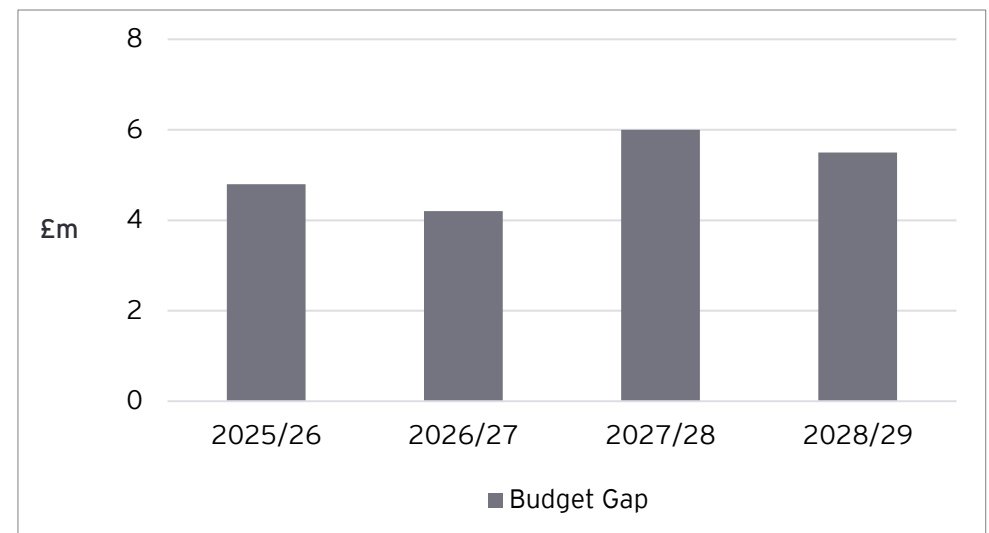
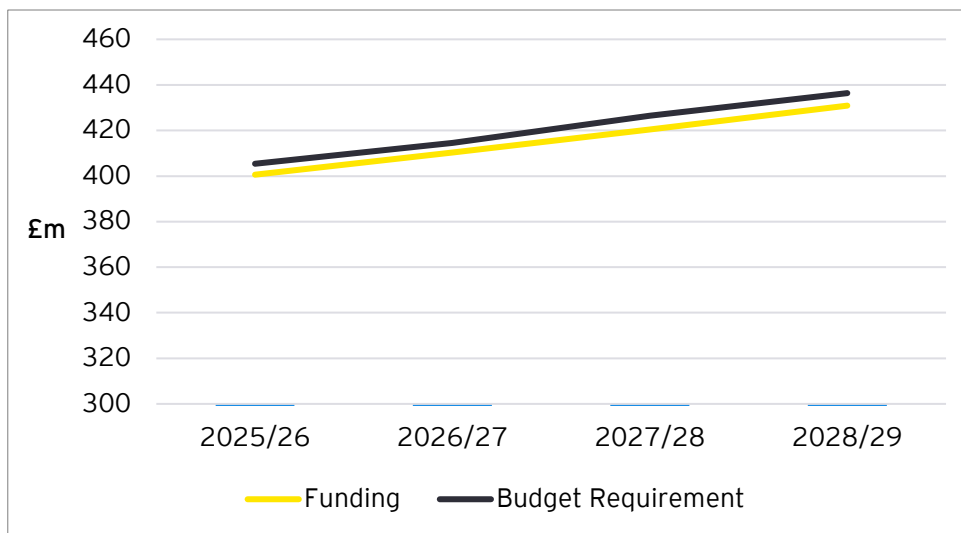
Financial Sustainability considerations

Medium Term Financial Strategy (MTFS)

The MTFS for the period 2025/26 to 2028/29 has been approved by the Police and Crime Commissioner on 27 March 2025. It sets out the financial framework for 2025/26 to 2028/29, aiming to deliver a sustainable budget and capital programme while supporting the priorities in the Police and Crime Plan. The strategy responds to a challenging financial climate marked by a decade of austerity, rising costs, and ongoing economic uncertainty. It incorporates recent government funding increases, including a £200m national boost for neighbourhood policing and additional local grants, but notes that police budgets remain heavily reliant on local taxes. The MTFS outlines plans to maintain and potentially increase police officer numbers, invest in operational policing, and support initiatives such as anti-social behaviour prevention, tackling online crime, and violence reduction. Capital investment will focus on estates, IT, vehicles, and equipment, with a significant reliance on prudential borrowing due to the absence of central government capital grants.

The strategy is built on several key assumptions: pay awards are projected at 2.5% for 2025/26 and 2.0% for subsequent years; inflationary pressures and pay progression are factored in; government grant funding is only confirmed for one year, with future years based on prudent estimates; council tax precept increases are assumed to follow the government's referendum limit (£14 per Band D property per year); and the use of reserves is planned to address funding gaps. Risks include uncertainty over future government funding, pay awards, inflation, and council tax limits. The MTFS maintains 3% of the net revenue budget which is higher than the minimum 2% set by the Chief Finance Officer and earmarked reserves for specific risks. The financial plan demonstrates a balanced budget over the medium term, but highlights that many unknowns remain, requiring ongoing review and adjustment as the funding landscape evolves.

Exhibit 1: The MTFS outlines an annual gap of between £4 and £6 million from 2025/26 to 2028/29





Financial Sustainability considerations

Reserves position

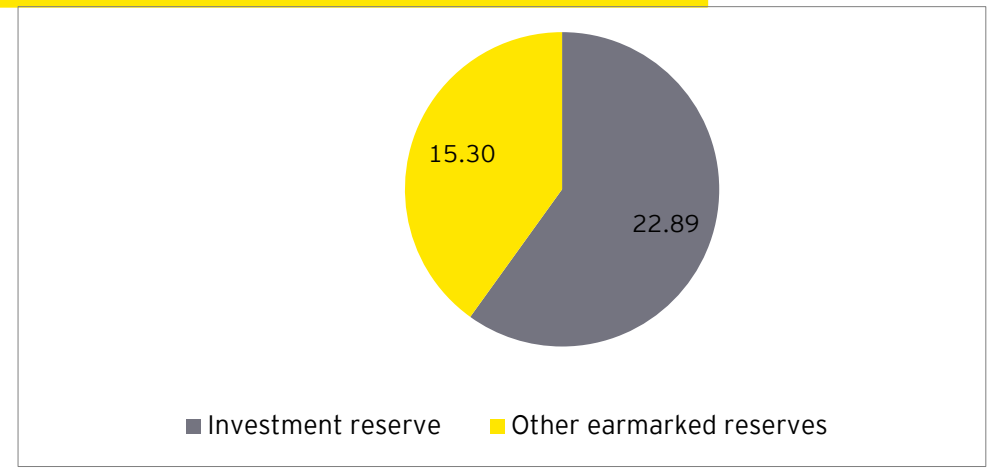
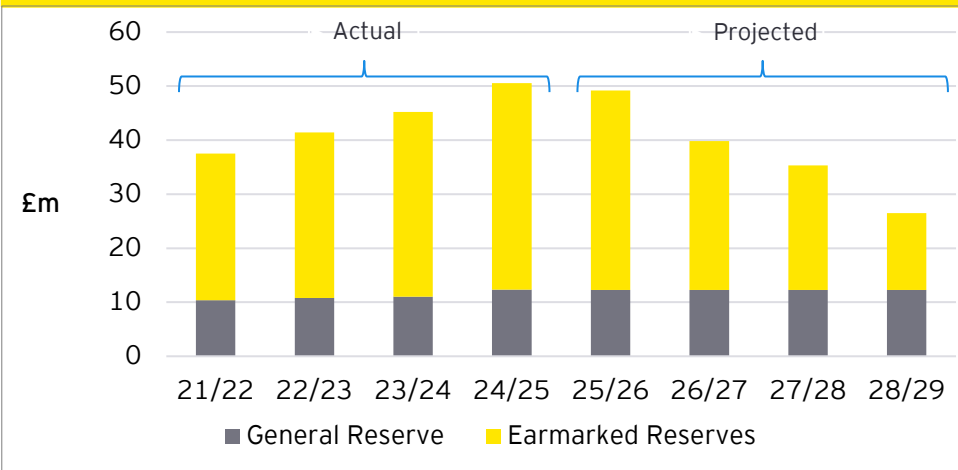
To fund the cumulative budget gap in the previous page of £20.50 million, the NPCC/CC are using Earmarked Reserves. Based on the draft 2024/25 Statement of Accounts, the General Fund has a balance of £12.36 million and there is £38.19 million in Earmarked Reserves as at 31 March 2025.

As noted on the previous page, the MTFS outlines an annual gap of between £4 and £6 million from 2025/26 to 2028/29. The NPCC and CC identify efficiencies annually to reduce this gap. Also, Earmarked reserves include the Investment reserve with a balance of £22.89 million as of 31 March 2025 which has been created to 'provide funding over the 4-year MTFS period to sustain investment in policing services whilst efficiency plans are developed to meet the budgetary gap.' However, the MTFS projects that if no further efficiencies were identified and all budget gaps were covered using this reserve during the period, the balance would have decreased to £1.035 million by the end of 2028/29. This highlights the importance of ensuring that plans for efficiency savings continue to be developed and implemented.

Financial updates are presented monthly to the Strategic Resourcing Board (SRB) through the Corporate Resourcing Position (CRP) report which includes budget pressures, approved investments, new proposals for investments and other relevant information for consideration of the Board. The SRB considers any business cases for growth, with scrutiny and challenge from the Board (chaired by the Assistant Chief Officer (Corporate Services)) before supported proposals are escalated to Executive Board for approval by the Chief Constable and Executive. The outcomes of SRB are presented to the Executive Board, with separate reports/business cases for any growth requests. In the CRP dated 14 August 2025, the planned use of Investment Reserves in 2025/26 have reduced by £4.66 million compared to the amounts presented in the MTFS due to a number of budget reductions, additional income contracts, reduced capital financing costs, changes to the workforce profiles and increase in grant income received for the delivery of Neighbourhood Policing Growth.

The NPCC and CC has a combined other Earmarked Reserves of £15.30 million that are set aside for a specific purpose but may be reallocated as the NPCC and CC determines to be appropriate.

Exhibit 2: The NPCC/CC's General Fund remains consistent during the MTFS period but Earmarked Reserves shows a downward trend





Financial Sustainability considerations

Outturn

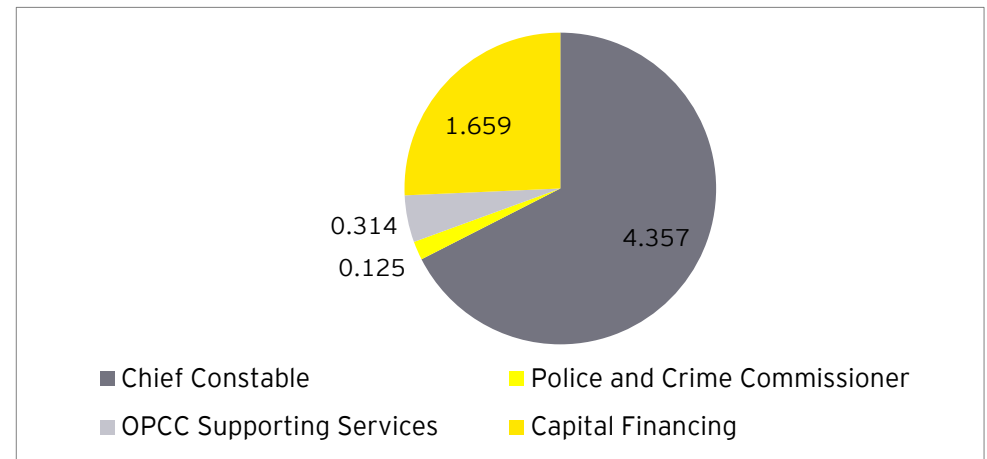
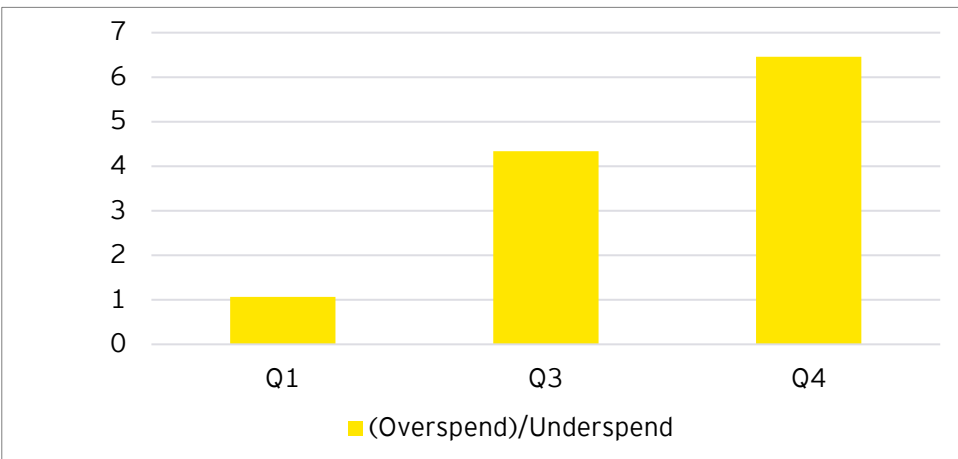
The outturn report is prepared through coordinated review and consultation with budget holders and finance officers, ensuring all budget variances are accurately captured and explained. The Finance team compiles the report, which is then presented to the Police and Crime Commissioner for approval.

The revenue outturn for Northumbria Police and Crime Commissioner in 2024/25 was £371.649m, resulting in an underspend of £6.455m against the revised budget. Of the £6.270m net transfer to reserves, £2.098m was transferred to the General Reserve (from underspends in the PCC, OPCC Supporting Services, and Capital Financing budgets), while the remaining £4.172m was transferred to the Investment Reserve. This increased the General Reserve to £12.360m and the Investment Reserve to £22.889m, with total revenue reserves at year-end reaching £50.550m, reflecting strong financial management and prudent use of resources.

The variance in the Chief Constable's budget of £4.36 million was mainly due to underspends in digital policing (such as reduced costs for systems, licenses, and Airwave communications), delayed recruitment, lower ill health commutation payments, and operational savings (including reduced training and equipment costs, and higher overhead recovery). For capital financing, the variance of £1.659 million was driven by lower than planned borrowing costs—because planned borrowing was not required and higher reserve balances allowed for more internal borrowing—and higher investment interest, as interest rates remained above forecast and investment balances were greater than anticipated.

The capital outturn for 2024/25 was £14.125m, which is £5.888m below the revised budget due to project rephasing, slippage, and some equipment and vehicle deliveries delayed to the next financial year. Major underspends occurred in building works, digital policing, and vehicles, with all prudential indicators remaining within approved limits. The capital programme was funded by capital receipts, grants, and reduced borrowing, and the required slippage into 2025/26 was approved, demonstrating effective capital programme oversight and adherence to financial regulations.

Exhibit 3: The budget monitoring reports outlined an increasing underspend





Financial Sustainability considerations

Savings plans

The process of identifying efficiencies within the Priority Based Budgeting (PBB) approach is highly structured and collaborative. Each department develops detailed implementation plans that track financial outcomes, assess risks, and consider the impact on people and operations. Efficiencies are categorized as either cashable, such as direct budget savings, or non-cashable, like time saved through improved processes. Departments are tasked with finding efficiencies at multiple budget levels and are encouraged to explore opportunities for collaboration, partnership, and income generation. The approach includes a central review of contracts, external analysis of organizational structures, and ongoing consultation and support from key departments. Progress is regularly monitored and reported to the Strategic Resourcing Board, with risks and achievements reviewed to ensure continuous improvement and accountability. The total amount of efficiencies are incorporated in the MTFS along with other budget reductions identified.

In the MTFS, the total budget reductions and efficiencies identified for 2024/25 was £8.40 million. Out of this, Priority Based Budgeting (PBB) savings for pay and non-pay have a total amount of £2.80 million. At the start of the financial year the planned PBB efficiency savings were increased to £3.32 million. Based on the report dated 19 June 2025 presented to the Strategic Performance Board (SPB), the actual efficiencies achieved during the year were £4.20 million which exceeded the revised target by £0.88 million.



VFM commentary: Governance

Governance: Our audit procedures

Our audit procedures obtained assurance over the arrangements in place for the Governance sub-criteria set out in AGN03:

- How the body monitors and assesses risk and how the body gains assurance over the effective operations of internal controls, including arrangements to prevent and detect fraud;
- How the body approaches and carries out its annual budget setting process;
- 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;
- How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer and member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

Significant risks identified during planning procedures

Within our Audit Planning Report, we reported that we were yet to complete our detailed VFM planning. We have now completed this work and identified one risk of significant weakness in the Police and Crime Commissioner and the Chief Constable's governance arrangements in relation to the capacity constraints of the finance team.

In prior years, no significant weaknesses were identified and there are no outstanding recommendations relating to prior years. In 2024/25, we identified one recommendation in relation to governance arrangements. We will consider the Police and Crime Commissioner and Chief Constable's progress against the recommendation in Appendix A in our Final Auditor's Annual Report. In our commentary in the succeeding pages of this report, we discussed the changes in underlying arrangements of the Police and Crime Commissioner and Chief Constable as compared with 2023/24.

Overview of our conclusions

Based on the work performed, we have identified a significant weakness in the arrangements that we will be reporting by exception in relation to the capacity of the finance team to support the audit for 2024/25.

Recommendation:

The NPCC and CC 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.



Governance considerations

Risk identified: Capacity of the finance team

The 2024/25 audit for the Police and Crime Commissioner for Northumbria (NPCC) and Chief Constable of Northumbria (CC) encountered significant delays, with the reporting revised from November 2025 to February 2026. The primary cause was capacity constraints within the NPCC/CC finance team, compounded by unexpected absences in the team. We encountered persistent challenges in obtaining timely and complete audit evidence and working papers from management. The chronology of events during the initial phase of the audit are as follows:

- January-April 2025: Planning for the 2024/25 audit began while work on the 2023/24 audit was being completed. Key meetings were held to confirm timelines and expectations.
- 30 June 2025: The Draft Statement of Accounts was published as scheduled. Some minor internal inconsistencies, typographical, and arithmetic errors were noted in the draft financial statements, which ideally would have been identified during internal quality checks before publication.
- Early July 2025: At this stage, 14 out of 48 (15%) year-end requests for working papers had been received from management. Several key areas, including Expenditure, Income, Payroll, and Cash, were still outstanding.
- 8 July 2025: Due to unforeseen absences outside the finance team (payroll and pensions), the S151 officer requested a temporary pause to enable senior management to provide essential support to those teams.
- 4 August 2025: EY resumed the audit, though progress was limited because of ongoing capacity challenges within the finance team.
- 2 September 2025: EY and management met to discuss the ongoing audit delays and the additional resources required from both teams to conclude the audit.
- 9 September 2025: NPCC/CC management and EY agreed to pause the audit and reschedule completion for February 2026, aligning with statutory deadlines.
- November 2025: Additional resources joined the finance team to support audit delivery; however, further time was required for those staff to become familiar with the financial systems, ledger structure, and audit requirements.
- November 2025: Additional resources joined the finance team to support audit delivery.
- November 2025 - January 2026: Following the decision to pause and reschedule the audit, management continued to submit working papers and audit evidence during this period. While the appointment of additional staff led to some improvement in audit support, overall progress remained slower than anticipated due to continuing capacity and capability constraints within the finance team.
- January 2026: Audit execution recommenced. While sufficient audit evidence was ultimately provided to enable completion of the majority of audit areas, limitations remained in relation to leases, where sufficient appropriate audit evidence could not be obtained.
- February-March 2026: The remaining audit work was completed, and audit opinions were issued.

Management acknowledge that there have been unforeseen circumstances which resulted in capacity constraints in the finance team and that it has been necessary to prioritise tasks to ensure that the PCC and CC meet all obligations. The table in the next page sets out the main issues faced by management and the actions that they have taken in response.



Governance considerations

Risk identified: Capacity of the finance team (continued)

Reasons	Management actions
<p>The department faced significant challenges due to an unprecedented level of sickness absence in a number of key management roles, reducing resilience and presenting a material risk to service delivery.</p>	<p>To address these issues, the department immediately advertised a 12-month fixed-term post for management support and explored agency options. Two suitable senior management candidates were identified through recruitment, and both were appointed—one for payroll and one for pensions projects—to strengthen resilience. However, due to recruitment and vetting processes, these roles were not filled until August.</p>
<p>The exit of the former CFO created a structural gap, which was filled through internal promotions. This led to a vacancy in the Finance Lead role responsible for accounts and audit delivery. A one-year maternity leave began in July 2025, further reducing capacity. The team is relatively small and covers multiple critical functions, making these vacancies particularly challenging.</p>	<p>The Finance Lead vacancy was advertised promptly, but the successful candidate will not start until March 2026 due to recruitment and notice periods. Maternity leave cover was also advertised immediately, with the successful applicant starting in August. Despite these challenges, the accounts were delivered by the 30 June deadline. However, the audit period was delayed because the Chief Finance Officer (CFO) prioritized the Senior Finance Lead's focus on payroll and pensions, identified as the greater strategic risk. Audit work was paused with external auditor agreement, aiming for completion by February 2026 instead of November/December 2025.</p>

We recognise the challenges faced by management due to capacity constraints within the finance team, which is a relatively small team in the context of their responsibilities, and the actions that they have need to take in prioritisation of tasks. However, it is our view that the NPCC and CC should 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. This should involve consideration of cross-training staff so critical roles can be covered, defining clear protocols for prioritizing essential financial reporting and audit support tasks and implementing quality control processes to avoid publishing draft accounts without thorough review. Should capacity issues persist, essential financial procedures and statutory reporting requirements are at risk, as evidenced by the significant delays and resource challenges in this audit cycle.

As noted in previous slides, management have taken steps to address the capacity challenges within the finance function subsequent to year-end such as recruiting a new Finance Lead, bringing in a new member of the team from other departments and reviewing the Finance Team structure; however, this is an ongoing process and we will follow up on the implementation of our recommendation as part of the 2025/26 audit. We will consider the impact of these actions as part of our 2025/26 audit but, if the pace of improvement is not as we expect, we will consider use of our statutory reporting powers such as issuing statutory recommendations.

Conclusion:

Due to the significance of the matters above, we have identified a significant weakness in NPCC and CC's proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities, specifically in relation to constraints on the resource capacity of the finance team that meant they were not able to adequately support the planned audit of the financial statements for 2024/25.

Failure to improve the NPCC and CC's processes to report financial information timely will also impact its ability to meet statutory financial reporting deadlines and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.



Governance considerations

Annual Governance Statement

Both the Chief Constable and the Police and Crime Commissioner for Northumbria are required by the Accounts and Audit Regulations 2015 to publish an Annual Governance Statement (AGS) alongside their annual Statements of Account. The AGS is prepared in line with the CIPFA/SOLACE 'Good Governance: Framework' (2016) and incorporates the CIPFA Financial Management Code 2019. Each AGS explains how the respective entity (Chief Constable or Police and Crime Commissioner) has complied with these frameworks and statutory requirements. The process involves a joint Chief Finance Officer (CFO) who oversees financial management for both entities, with annual assessments reviewed by the Joint Independent Audit Committee (JIAC) to ensure compliance and effectiveness. The governance framework covers the systems, processes, culture, and values by which each entity operates, and is informed by internal and external audits, senior management assurance statements, and ongoing scrutiny by the JIAC. The Chief Constable's AGS focuses on operational policing and internal controls within the Force, while the Commissioner's AGS covers the oversight, scrutiny, and strategic direction of policing in the area, including the Office of the PCC and the group position of both entities. Both AGS documents are reviewed annually, with findings and recommendations incorporated into future governance arrangements.

The governance framework sets out clear roles, responsibilities, and oversight mechanisms to ensure effective risk management, transparency, and value for money. The AGS is informed by internal and external audits, senior management assurance, and stakeholder engagement, with the aim of providing reasonable assurance that robust systems of internal control and governance are in place throughout the year.

Additionally, there were no outstanding actions from the previous year's statement, and the overall review—including self-assessment against the CIPFA Financial Management Code—found full compliance across all areas. The AGS concludes that the Commissioner has satisfactory systems of internal control and governance in place, providing reasonable assurance for the effective exercise of functions and risk management.

The internal audit arrangements were also included in the AGS, however, no longer repeated in this section as these are discussed on the next page.

Risk Management

The review of the Joint Strategic Risk Register (JSRR) highlights the main risks facing the organization, including financial pressures, digital policing challenges, information and data management, and workforce standards. In September 2024, several risks—such as funding reductions, technology failures, data management issues, and workforce conduct—were rated as high or very high in either likelihood or impact. However, the review found that existing controls and oversight mechanisms are sufficient to mitigate these risks, with no significant weaknesses identified.

The February 2025 update reported no changes in risk classification, noting that controls and risk factors are closely monitored and updated for accuracy. By June 2025, the risk classification for operational capacity under the Civil Contingencies Act was raised from medium to high, prompting the establishment of a new oversight board. Despite this, the review concludes that significant risks are well managed through regular financial monitoring and planning, and no substantial weaknesses are present.



Governance considerations

Internal audit arrangements

The internal audit report provides a comprehensive overview of audit activities for the year, including quarterly updates, the annual report, and the strategic audit plan for the next three years. The audit found that most areas reviewed are operating effectively, with 25 out of 27 final reports concluding that systems and procedures are robust. Two areas—property management and procurement—were rated as satisfactory, with medium-priority recommendations related to record-keeping and documentation. Management have accepted all recommendations and implemented corrective actions promptly. The report highlights ongoing monitoring of recommendation implementation, with all actions completed within target periods. No significant deficiencies were identified, and the internal control systems, risk management, and governance arrangements are considered effective. The internal audit plan ensures that high-risk areas will be audited annually. Overall, the report concludes that there are no significant issues and that the organization is actively maintaining a strong control environment.

Other arrangements

Publication of minutes of meeting:

The minutes of the Joint Independent Audit Committee (JIAC) were not published on the website within the expected timeframe. During the audit, the team was unable to locate the relevant minutes online and requested them from the client. Management acknowledged the oversight and, in September 2025, uploaded the missing minutes covering the period from 26 February 2024 to 25 June 2025. As the omission was unintentional and has since been rectified, we conclude that this does not represent a significant weakness in arrangements.

Recommendation:

The NPCC and CC 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. In addition, the NPCC and CC should strengthen arrangements for lease accounting to ensure full compliance with the CIPFA Code, including establishing robust processes to identify and maintain a complete lease population, ensuring right-of-use assets are measured on an appropriate basis supported by sufficient valuation evidence, improving documentation supporting lease liabilities, and enhancing technical oversight to ensure IFRS 16 is applied correctly and issues are resolved on a timely basis.



VFM commentary: Improving economy, efficiency and effectiveness

Improving economy, efficiency and effectiveness: Our audit procedures

Our audit procedures include:

- How financial and performance information has been used to assess performance to identify areas for improvement;
- How the body evaluates the service it provides to assess performance and identify areas for improvement;
- How the body ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess where it is meeting its objectives; and
- Where the body commissions or procures services, how it assesses whether it is realising the expected benefits.

Significant risks identified during planning procedures

Within our Audit Planning Report, we reported that we were yet to complete our detailed VFM planning. We have now completed this work and did not identify any risk of significant weakness in the Police and Crime Commissioner and Chief Constable's arrangements for improving economy, efficiency and effectiveness.

In prior years, no significant weaknesses were identified and there are no outstanding recommendations relating to prior years.

In 2024/25, we did not identify any recommendations in relation to arrangements for improving economy, efficiency and effectiveness. The Police and Crime Commissioner and Chief Constable's underlying arrangements for improving economy, efficiency and effectiveness are not significantly different in 2024/25.

Overview of our conclusions

Based on the work performed, the Police and Crime Commissioner and Chief Constable had proper arrangements in place in 2024/25 in how it uses information about its costs and performance to improve the way it manages and delivers its services.



Improving economy, efficiency and effectiveness considerations

North East Regional Organised Crime Unit

The North East Regional Organised Crime Unit (NEROCU) is a principal collaborative arrangement between Northumbria, Durham, and Cleveland police forces. It is one of ten ROCUs across England and Wales, designed to make the region hostile to serious and organised crime. NEROCU brings together highly specialised teams from the three forces and works with embedded partners such as His Majesty's Revenue and Customs (HMRC), UK Border Force, and the National Crime Agency (NCA). The unit's core function is to prevent, prosecute, and disrupt serious and organised crime, ensuring a coordinated national approach in line with the Home Office Serious and Organised Crime Strategy. This collaboration creates additional specialist capacity and delivers an increased response to crime that transcends force borders, leveraging both local and national resources. Arrangements and Governance

NEROCU operates as a Joint Operation under a Section 22A collaboration agreement from the Police Act 1996, with governance managed collectively by the Chief Constables and Police and Crime Commissioners of the three forces. Financially, NEROCU is funded through a combination of Home Office grants and force contributions, with the net revenue requirement met by the three forces based on their share of Net Revenue Expenditure (NRE). For 2024/25, Northumbria contributed £7.087 million, representing 52.96% of the total, with the final outturn for NEROCU being £13.391 million. Assets purchased for NEROCU are held on the balance sheet of the purchasing force, and the jointly owned North East Regional Crime Prevention Centre (NERCPC) is held under a trust agreement. The arrangements ensure equal representation and rights to control, with reserves attributable to NEROCU also held proportionally.

NEROCU has delivered significant specialist capacity and operational successes, with Northumbria's Statements of Account noting that underspends in the force's budget were partly due to efficiencies and effective management of the NEROCU contribution. The collaboration has also enabled the region to respond robustly to serious and organised crime, with achievements including targeted disruption, increased prosecutions, and enhanced intelligence sharing across agencies.

External bodies' review

The latest PEEL assessments for Northumbria are for the period 2023-2025. For these, most areas are rated as mostly adequate and good, with particular progress noted in responding to the public, although some areas—like emergency call response times and crime recording accuracy—require further improvement. Action plans and internal audits have led to notable progress, and management is actively addressing remaining recommendations and areas for improvement. Delays in some areas are attributed to national policy changes and system upgrades, but no significant weaknesses or risks have been identified. The report concludes that there are no financial or value-for-money concerns arising from these external reviews.



Improving economy, efficiency and effectiveness considerations

Other arrangements

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

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



04 Appendices

Appendix A – Recommendations from current year

Recommendations from 2024/25

The table below sets out the recommendations arising from the value for money work for the year 2024/25. All recommendations have been agreed by management.

Issue	Recommendation	Management response
Governance	The NPCC and CC 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. In addition, the NPCC and CC should strengthen arrangements for lease accounting to ensure full compliance with the CIPFA Code, including establishing robust processes to identify and maintain a complete lease population, ensuring right-of-use assets are measured on an appropriate basis supported by sufficient valuation evidence, improving documentation supporting lease liabilities, and enhancing technical oversight to ensure IFRS 16 is applied correctly and issues are resolved on a timely basis.	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.

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The Police and Crime Commissioner for Northumbria and Chief Constable of Northumbria

Provisional Audit Planning Report

Year ended 31 March 2026

28 May 2026



The better the question. The better the answer. The better the world works.



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28 May 2026



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

Dear Joint Independent Audit Committee members

Provisional Audit Planning Report 2025/26

We are pleased to attach our Provisional Audit Planning Report for the forthcoming meeting of the Joint Independent Audit Committee. The purpose of this report is to provide the Joint Independent Audit Committee of the Police and Crime Commissioner for Northumbria ('PCC') and the Chief Constable for Northumbria ('CC') with a basis to review our proposed audit approach and scope for the 2025/26 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements. This report summarises our evaluation of the key issues driving the development of an effective audit. We have aligned our audit approach and scope accordingly. The report also addresses the broader impact of Government proposals aimed at establishing a sustainable local audit system.

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

We welcome the opportunity to discuss this report with you on 15 June 2026 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Claire Mellons

Claire Mellons

For and on behalf of Ernst & Young LLP

Enc

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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 October 2025)' issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/contract-monitoring-2023-24-to-2027-28/terms-of-appointment-from-2023-24/terms-of-appointment-and-further-guidance-from-1-october-2025/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

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



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Overview of our 2025/26 audit strategy

2025/26 audit strategy overview: Building Assurance

The purpose of this report

The Police and Crime Commissioner for Northumbria ('PCC') and the Chief Constable for Northumbria ('CC'), and the Joint Independent Audit Committee, as those charged with governance, play a crucial role in ensuring assurance over both the quality of the draft financial statements prepared by management and the PCC and CC's wider arrangements to support a timely and efficient audit. Failure to achieve this will significantly increase the level of resources required to fulfil our respective responsibilities.

As part of our responsibilities, we assess and report on the adequacy of the PCC and CC's external financial reporting arrangements, as well as the effectiveness of the Joint Independent Audit Committee in fulfilling its role within those arrangements as part of our Value for Money assessment. 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. Wherever necessary, we will consider invoking other statutory reporting powers to highlight any weaknesses in these arrangements. We direct Joint Independent Audit Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) for expectations on preparing financial statements (see Appendix A).

Preparedness for 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. Our 2024/25 reporting included our assessment of the effectiveness of the PCC and CC's arrangements to support the external audit process across a range of relevant measures (reproduced in Appendix A). We concluded that the PCC and CC were not fully prepared for the audit and that improvements were required in relation to:

- Quality and completeness of the draft financial statements;
- Delivery of working papers in accordance with agreed timelines;
- Quality of working papers and supporting evidence;
- Timeliness and quality of evidence supporting key accounting estimates;
- Access to finance team and personnel to support the audit in accordance with agreed project plan; and
- Volume and value of identified misstatements in primary statements and disclosures

We will continue to report on our assessment of the quality of the PCC and CC's financial statements' preparation and support, to support ongoing transparency of the audit process to those charged with governance, and to facilitate benchmarking and tracking of progress in future years.

2025/26 audit strategy overview: Building Assurance (continued)

Scope of our audit

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report to the PCC and CC. Additionally, we aim to ensure that the PCC and CC has established proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, as mandated by relevant legislation and the requirements of the NAO Code. We will issue an Audit Results Report that summarises our opinion on the financial statements by 30 November 2026 and other procedures required by the Code. This includes our assessment of the control environment, including our follow up of the recommendations that we made in 2024/25 (refer to Appendix C). In addition, our Auditor's Annual Report will conclude on whether the PCC and CC has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Our Group risk assessment and procedures are outlined in Section 5.

Timeline

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

Our independence considerations

Please refer to Appendix B for our update on independence.

2025/26 audit strategy overview: Audit risks and materiality

Audit risks and areas of focus

The purpose of our audit is to obtain reasonable assurance to express an opinion about whether the group financial statements as a whole are free from material misstatement, whether due to fraud or error.

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

Risk/area of focus	Risk identified	Change from PY	Details
Presumptive risk of management override of controls (PCC and CC)	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure (PCC)	Fraud risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Valuation of Land and Buildings (Property, plant and equipment and Right of Use Assets) (PCC)	Risk of Material Misstatement	Change in focus	The PCC held land and buildings with a reported net book value of £86.817 million at the end of 2024/25, comprising £70.166 million in Property, Plant and Equipment ('PPE') and £30.734 million in Right of Use (ROU) assets. PPE is valued using Depreciated Replacement Cost, Existing Use Value, and Fair Value. Management has also confirmed that ROU assets valued at £30.734 million will be revalued in 2025/26. As these valuation approaches involve significant estimation and judgement, ISAs (UK) 500 and 540 require audit procedures on the use of management experts and key assumptions. From 2025/26, the PCC and CC must apply CIPFA Bulletin 22, which revises the valuation framework for non-investment assets. This requires either a quinquennial valuation or a five-year rolling programme, supported by annual indexation. Implementation will depend on updating the current valuation programme and selecting appropriate indices for interim years. Given the high level of estimation uncertainty, a Risk of Material Misstatement in valuation has been identified.

2025/26 audit strategy overview: Audit risks and materiality (continued)

Audit risks and areas of focus (continued)

Risk/area of focus	Risk identified	Change from PY	Details
Valuation of Pension Liabilities (PCC and CC)	Risk of Material Misstatement	No change in risk or focus	<p>Accounting for the PCC and CC's participation in the Tyne and Wear Pension Fund and CC's participation in the Police Pensions Schemes involves significant estimation and judgement, including financial and demographic assumptions. There is a risk that the net pension asset/liability recognised is materially misstated, as its recognition and measurement is subject to significant management judgement.</p> <p>The PCC and CC engage actuaries to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>We will consider the impact of the 31 March 2025 Triennial Valuation of Tyne and Wear Pension Fund on the Net Pension Asset/Liability, related assumptions, and our audit procedures.</p>
Impact of implementation of IFRS 16 (PCC)	Risk of Material Misstatement	Change in focus	<p>IFRS 16 Leases applies to local government from 1 April 2024, introducing a single recognition model for most leases.</p> <p>For 2024/25, we were unable to obtain sufficient appropriate audit evidence to conclude that lease liabilities were free from material misstatement. Management did not provide adequate evidence to support key assumptions, and our testing of sampled leases did not confirm appropriate application of transition. Key documentation was incomplete or unavailable, including lease agreements, lease term assessments, treatment of extension options, and confirmation of payments.</p> <p>Our findings indicate material departures from proper accounting practice in the recognition and measurement of both ROU assets and lease liabilities. These issues remain unresolved and resulted in a qualified audit conclusion on lease accounting.</p> <p>Accordingly, IFRS 16 implementation remains a Risk of Material Misstatement for 2025/26. We will extend audit procedures to include both year one implementation testing and year two procedures, including completeness and accuracy of lease liability additions, remeasurements, and other required adjustments.</p>

2025/26 audit strategy overview: Audit risks and materiality (continued)

Materiality

Planning materiality

Group Materiality has been set at £12.593 million, which represents 2% of total expenditure in 2024/25 (2024/25: £11.277 million, 1.8%).

PCC single entity Materiality has been set at £3.340 million, which represents 2% of total assets at 31/03/2025 (2024/25: £3.006 million, 1.8%).

CC single entity Materiality has been set at £10.997 million, which represents 2% of total expenditure in 2024/25 (2024/25: £9.840 million, 1.8%).

Performance materiality

Group Performance materiality has been set at £6.296 million, which represents 50% of materiality. (2024/25: £5.638 million)

PCC single entity Performance materiality has been set at £1.670 million, which represents 50% of materiality. (2024/25: £1.503 million)

CC single entity Performance materiality has been set at £8.248 million, which represents 75% of materiality. However, we will use the allocated threshold of £5.707million for group reporting purposes as this is lower than the single entity performance materiality. (2024/25: £5.108 million)

Audit differences

We will report all uncorrected misstatements relating to the income statement and balance sheet that have an effect on income and misstatements in other comprehensive income over:

- £0.630 million for the Group (2024/25: £0.564 million)
- £0.167 million for the PCC single entity (2024/25: £0.150 million)
- £0.550 million for the CC single entity (2024/25: £0.492 million)

Other misstatements identified will be communicated to the extent that they merit the attention of the Joint Independent Audit Committee.

2025/26 audit strategy overview: Value for Money

Our risk assessment

Under the NAO Code we are required to:

- Satisfy ourselves that the PCC and CC has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources, having regard to [NAO AGN 03](#).
- Design work to provide sufficient assurance to support reporting against the Code's specified reporting criteria outlined below; and
- Apply a risk-based approach to our work, informed by sector knowledge, the Annual Governance Statement, evidence from the financial statements audit and relevant work of other bodies.

In undertaking our risk assessment, we obtain an understanding of the key processes the PCC and CC have in place, including financial management, risk management and partnership working arrangements. Our Auditor's Annual Report, which will be issued before 30 November 2026 will include a summary of our commentary on the arrangements in place against each of the three Value for Money criteria and recommendations raised as a result of any significant weaknesses identified. A key part of our work will be the follow up of previous recommendations to provide the Committee with assurance on the pace of planned improvements.

Our work in this area is underway, but where any significant weaknesses are identified, we are required to report these to the PCC, CC and Joint Independent Audit Committee at the earliest opportunity in the audit cycle. The table below sets out the risks identified based on the VfM weaknesses identified in 2024/25.

	<p style="text-align: center;">Financial sustainability</p> <p style="text-align: center;">How the Council plans and manages its resources to ensure it can continue to deliver its services.</p>	<p style="text-align: center;">Governance</p> <p style="text-align: center;">How the Council ensures that it makes informed decisions and properly manages its risks.</p>	<p style="text-align: center;">Improving economy, efficiency and effectiveness</p> <p style="text-align: center;">How the Council uses information about its costs and performance to improve the way it manages and delivers its services.</p>
<p>Significant weakness in arrangements identified in 2024/25</p>	<ul style="list-style-type: none"> ▪ No risks identified. 	<ul style="list-style-type: none"> ▪ 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. 	<ul style="list-style-type: none"> ▪ No risks identified



02 Audit risks

Our response to significant risks

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

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

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

In accordance with ISA 240, the presumptive risk of management override of controls is present at every entity and we design the appropriate procedures to consider such risk.

- Management has the primary responsibility to prevent and detect fraud. It is important that Management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.
- Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud.

We consider this risk to be relevant to the Group and PCC and CC single entities.

Our response: Key areas of challenge and professional judgement

In response to the risk, we will:

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

Our response to significant risks

Inappropriate capitalisation of revenue expenditure* (PCC)

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
<p>We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:</p> <ul style="list-style-type: none"> 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. In 24/25 accounts, the REFCUS is 0.540 million. Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year. The forecast capital expenditure in February 2026 capital monitoring report is £19.024 million. <p>If this were to happen it would have the impact of understating revenue expenditure and overstating Property, Plant and Equipment (PPE) and REFCUS in the financial statements.</p>	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We consider this risk to be relevant to the Group and PCC and CC single entities.</p>	<p>In response to the risk, we will:</p> <ul style="list-style-type: none"> Testing Property, Plant and Equipment (PPE) to ensure that the expenditure incurred and capitalised is clearly capital in nature. Assessing 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. Considering whether any development or other related costs that have been capitalised are reasonable to capitalize, i.e., the costs incurred are directly attributable to bringing the asset into operational use. Testing REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources. Seeking 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.

Other areas of audit focus

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
Valuation of Land and Buildings (PCC)		
<p>The PCC held land and buildings with a reported net book value of £86.817 million at the end of 2024/25, comprising £70.166 million in PPE and £30.734 million in ROU assets.</p>	<p>PPE is valued using Depreciated Replacement Cost, Existing Use Value, and Fair Value. Management has also confirmed that ROU assets valued at £30.734 million will be revalued in 2025/26. As these valuation approaches involve significant estimation and judgement, ISAs (UK) 500 and 540 require audit procedures on the use of management experts and key assumptions.</p> <p>From 2025/26, the PCC and CC must apply CIPFA Bulletin 22, which revises the valuation framework for non-investment assets. This requires either a quinquennial valuation or a five-year rolling programme, supported by annual indexation. Implementation will depend on updating the current valuation programme and selecting appropriate indices for interim years.</p> <p>Given the high level of estimation uncertainty, a Risk of Material Misstatement in valuation has been identified.</p>	<p>In response to the risk, we will:</p> <ul style="list-style-type: none"> ▪ Review and assess management’s assessment and planned approach to CIPFA Bulletin 22, in the context of other challenges in the application. In particular considering the appropriateness of indices applied to assets not revalued during intervening years and triggers for revaluation; ▪ Review and appraise the work performed by the PCC’s valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▪ Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support price per square metre); ▪ Assess any changes to useful economic lives against the most recent valuer assessments; ▪ Depending on the complexity of valuation approach and inputs used, consider involving EY internal specialists to challenge the work performed by the PCC’s valuers; and ▪ Test accounting entries have been correctly processed in the financial statements.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
Valuation of Pension Assets and Liabilities (PCC and CC)		
<p>The PCC and CC participate in two pension schemes: the Local Government Pension Scheme (LGPS), administered by the Tyne and Wear Pension Fund (TWPF), and the Police Pension Schemes (PPS).</p> <p>Under LGPS, the net pension position is measured as the difference between the present value of the defined benefit obligation and the PCC and CC's share of scheme assets. As at 31 March 2025, this resulted in a net pension asset of £124.150 million, which has been restricted to £nil in accordance with the requirements of IFRIC 14.</p> <p>In addition, an unfunded LGPS liability of £2.080 million has been recognised on the CC's balance sheet.</p> <p>The PPS is an unfunded scheme, giving rise to a liability balance of £2,962.607 million in the audited 2024/25 statement of accounts of the CC.</p> <p>The Code requires that the net asset/liability be disclosed on the PCC and CC's balance sheet, and required disclosures be made in the supporting notes.</p>	<p>Accounting for the PCC and CC's participation in the Tyne and Wear Pension Fund and CC's participation in the Police Pensions Schemes involves significant estimation and judgement, including financial and demographic assumptions. There is a risk that the net pension asset/liability recognised is materially misstated, as its recognition and measurement is subject to significant management judgement.</p> <p>The PCC and CC engage actuaries to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>We will consider the impact of the 31 March 2025 Triennial Valuation of Tyne and Wear Pension Fund on the Net Pension Asset/Liability, related assumptions, and our audit procedures.</p>	<p>In response to the risk, for LGPS, we will:</p> <ul style="list-style-type: none"> ▪ Consider the impact of the 31 March 2025 Triennial Valuation of Tyne and Wear Pension Fund on the Net Pension Asset/Liability ▪ Liaise with the auditor of Tyne and Wear Pension Fund to obtain assurances over the information supplied to the actuary and confirm joint assurances in respect of employer and employee contributions. ▪ Engage our actuarial specialists to assess the work of the actuary. This will involve a consideration of the net asset/liability and any calculation of the asset ceiling in accordance with IFRIC 14 where relevant . ▪ Assess the work of PwC, appointed to consider actuarial assumptions used at the year end for all local government sector bodies. ▪ Review and test the accounting entries and disclosures made within the PCC and CC's financial statements in relation to IAS19. ▪ Consider the valuation and disclosure of unfunded liabilities, for which there are no plan assets to meet the pension liabilities. <p>For PPS, we will:</p> <ul style="list-style-type: none"> ▪ Obtain assurance over the information supplied to the actuary and confirm assurance in respect of employer and employee contributions. ▪ Engage our actuarial specialists to assess the work of the actuary. ▪ Assessing the work of PwC, appointed to consider actuarial assumptions used at the year end for all local government sector bodies. ▪ Review and test the accounting entries and disclosures made within the CC's financial statements in relation to IAS19.

Other areas of audit focus

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
IFRS 16 Implementation (PCC)		
<p>Misstatements that occur in relation to this risk would affect the PCC's balances:</p> <ul style="list-style-type: none"> ▪ Right of Use Assets of £30.734 million in 2024/25 ▪ Lease Liabilities of £1.412 million in 2024/25 ▪ Relevant IFRS 16 disclosure within Note 19 Leases. 	<p>IFRS 16 Leases applies to local government from 1 April 2024, introducing a single recognition model for most leases.</p> <p>For 2024/25, we were unable to obtain sufficient appropriate audit evidence to conclude that lease liabilities were free from material misstatement. Management did not provide adequate evidence to support key assumptions, and our testing of sampled leases did not confirm appropriate application of transition. Key documentation was incomplete or unavailable, including lease agreements, lease term assessments, treatment of extension options, and confirmation of payments.</p> <p>Our findings indicate material departures from proper accounting practice in the recognition and measurement of both ROU assets and lease liabilities. These issues remain unresolved and resulted in a qualified audit conclusion on lease accounting.</p> <p>Accordingly, IFRS 16 implementation remains a Risk of Material Misstatement for 2025/26.</p>	<p>In response to the risk, we will:</p> <ul style="list-style-type: none"> ▪ Gain an understanding of the processes and controls developed by the PCC relevant to the implementation of IFRS 16. We will pay particular attention to the PCC's arrangements to ensure lease and lease-type arrangements considered are complete. ▪ Extend audit procedures to include both year one implementation testing and year two procedures, including completeness and accuracy of lease liability additions, remeasurements, and other required adjustments ▪ Review the discount rate that is used to calculate the lease liabilities and assess its reasonableness. ▪ Review management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management is adopting as the practical expedient to non-lease components. ▪ Sample test leases to ensure that arrangements have been correctly applied. ▪ Consider the accounting for leases provided at below market rate, including peppercorn and nil consideration, and the need to make adjustments to cost in the valuation of right of use assets at the balance sheet date.



03 Value for Money

Value for Money

PCC and CC's responsibilities for Value for Money

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

Auditor responsibilities

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

The specified reporting criteria are:



Financial sustainability

How the PCC and CC plan and manage their resources to ensure it can continue to deliver its services.



Governance

How the PCC and CC ensure that they make informed decisions and properly manage their risks.



Improving economy, efficiency and effectiveness

How the PCC and CC use information about their costs and performance to improve the way they manage and deliver their services.

Value for Money

Planning and identifying risks of significant weakness in Value for Money arrangements

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

- The Annual Governance Statement;
- Evidence of arrangements during the reporting period;
- Evidence obtained from our audit of the financial statements;
- The work of inspectorates and other bodies; and
- Any other evidence that we deem necessary to facilitate the performance of our statutory duties.

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

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

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

Reporting on Value for Money arrangements

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

Additionally, we are required to provide a commentary on the Value for Money arrangements in the Auditor's Annual Report. The NAO Code specifies that this commentary should be clear, readily understandable, and highlight any issues we wish to draw to the PCC and CC's or the wider public's attention. This may include matters that are not considered significant weaknesses in arrangements but should still be brought to the PCC and CC's attention. It will also cover details of any recommendations from the audit and the follow-up of previously issued recommendations, along with our assessment of their satisfactory implementation. Our 2025/26 Auditor's Annual Report must be issued in draft by 30 November 2026 to comply with the revised requirements of the NAO Code.

Value for Money

Value for Money risk assessment

We have yet to complete our detailed value for money planning. We have outlined our judgements on arrangements in 2024/25 below, and as a result, one risk of significant weakness was identified on the PCC and CC's governance arrangements in relation to the weakness identified in 2024/25 below, along with the further procedures we will perform. We will continue to review the body's arrangements and report. We will update the next Joint Independent Audit Committee meeting on the outcome of our value for money planning and our planned response to any additional identified risks of significant weaknesses in arrangements.

Criteria	2024/25 judgements on arrangements	2025/26 indicative risk assessment	2025/26 expected procedures to respond
Financial sustainability	No risks of significant weakness identified	No risks of significant weakness identified	N/A
Governance	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.	Risk of significant weakness identified relating to capacity constraints of the Finance Team (PCC and CC)	<ul style="list-style-type: none"> ▪ We will obtain management's action plan in response to our prior year recommendation and review evidence of progress against the actions. ▪ We will continue to assess the PCC and CC's arrangements for the production of financial statements and supporting working papers by the statutory deadline of 30 June 2026. ▪ We will assess whether the financial statements have been subject to appropriate review, including identifying any errors, inconsistencies, or omissions that may indicate insufficient review prior to publication. ▪ We will monitor management's ability to support the audit process, including identifying any delays or issues arising from Finance Team capacity constraints.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No risks of significant weakness identified	N/A

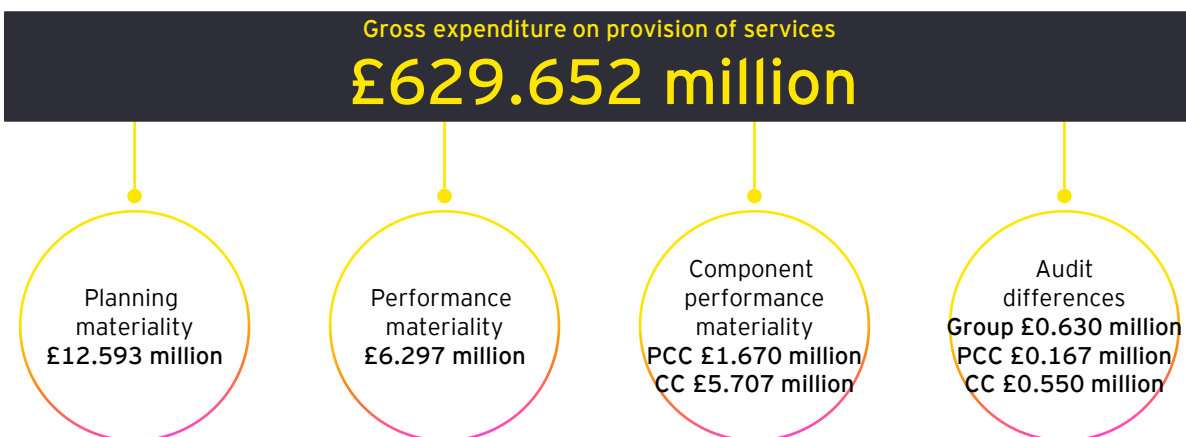


04 Audit materiality

Materiality

Group, PCC and CC materiality

For planning purposes, Group materiality for 2025/26 has been set at £12.593 million (2024/25: £11.277 million). This represents 2% of the Group's 2024/25 gross expenditure on provision of services. It will be reassessed throughout the audit process. We consider that the gross expenditure is the measure of most interest to users of the financial statements and we have not identified any qualitative or quantitative factors that would reduce the materiality threshold below 2%. We have provided supplemental information about audit materiality in Appendix F.



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

Key definitions

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

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £6.297 million which represents 50% of group materiality. We have selected 50% due to the level of errors identified in the 2024/25 audit and our expectation of errors within the group financial statements for 2025/26.

Component performance materiality – we limit component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group.

Audit difference threshold – We will report to you all uncorrected misstatements over

- £0.630 million for Group
- £0.167 million for PCC
- £0.550 million for CC,

relating to the income statement and balance sheet that have an effect on income and misstatements in Other Comprehensive Income.

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



05 **Scope of our audit**

Audit process and strategy

Objectives of our audit scoping

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

1. Financial statement audit

Our opinion on the financial statements:

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

Our opinion on other matters:

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

Other procedures required by the Code:

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

2. Arrangements for securing economy, efficiency and effectiveness (Value for Money)

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

Internal audit

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

In 2024/25, the PCC and CC's Internal Audit Annual Report concluded that the PCC and CC's internal control systems and risk management and governance arrangements are considered to be effective.

Scoping the group audit

Group scoping

The PCC and CC prepares its annual report and financial statements on a group basis. In line with ISA (UK) 600, our audit strategy for performing an audit of a group with multiple components is risk-based and our scoping of the group audit responds to the risks of material misstatement that we have identified for the group financial statements.

As the same audit team will be responsible for the audit of both components as well as the group consolidation procedures, we determined that centralised audit procedures can be performed on both components.

Coverage of Income/Expenditure/Total assets

Based on the Group's 24/25 audited accounts, our scoping is expected to achieve the full coverage of the group's revenue, expenditure and total assets.



06 Audit team

Audit team

Audit team leadership

The engagement team is led by Claire Mellons, who has overall responsibility for the performance of the audit and for the auditor's report issued on behalf of EY.

There have been no significant changes to the roles or structure of the team.

Our approach to the use of specialists

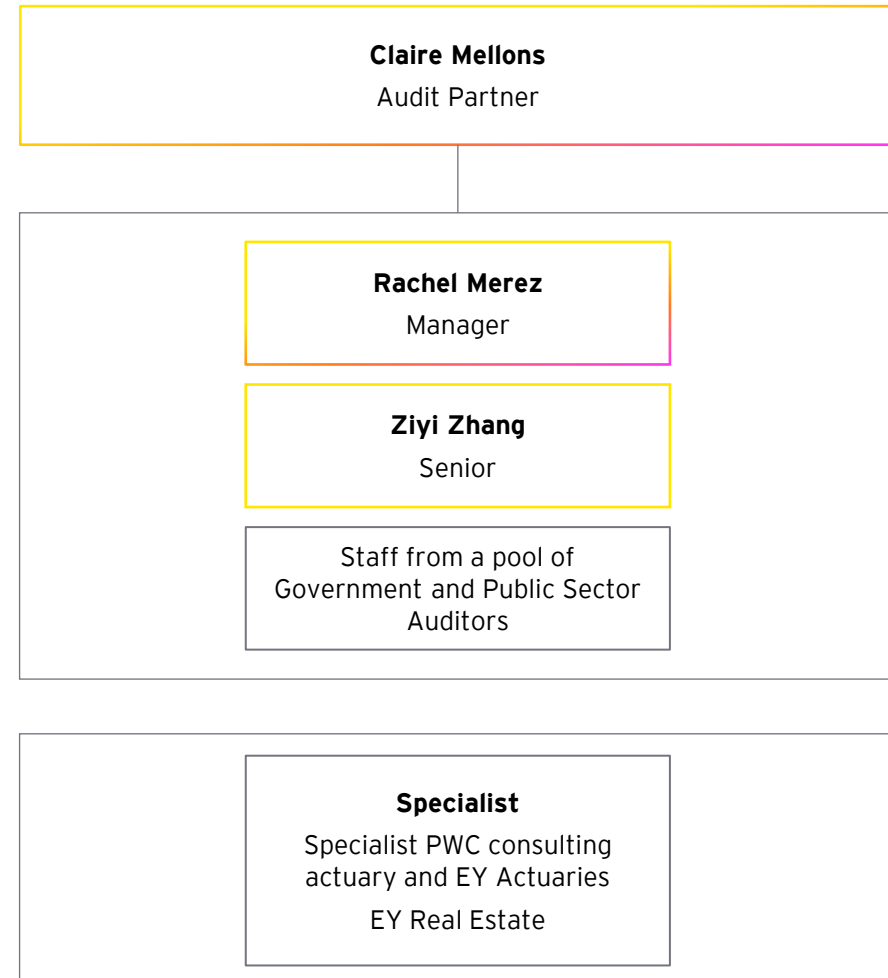
When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
Pensions disclosure	PWC consulting actuary and EY Actuaries
PPE/ROU Assets valuation	EY Real Estate, as needed

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

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

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





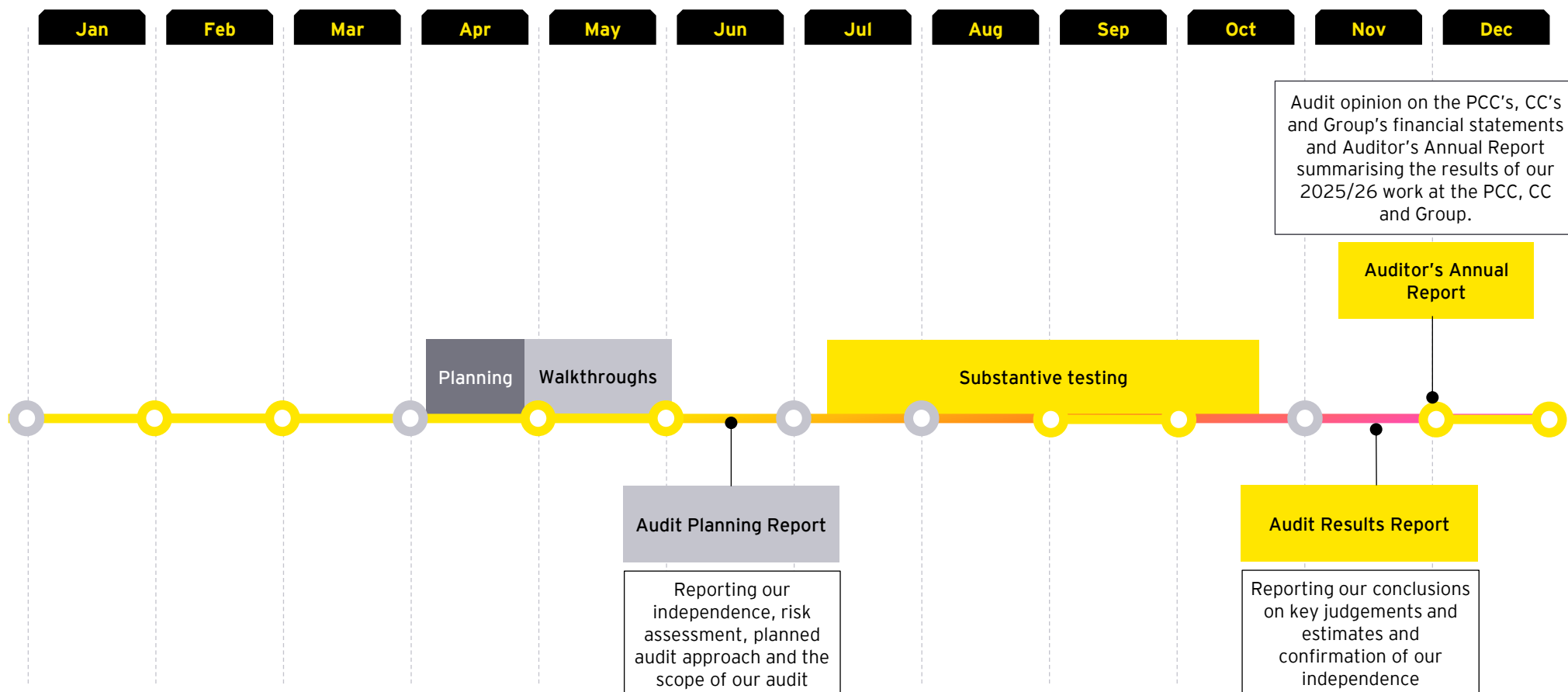
07 Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2026.

From time to time matters may arise that require immediate communication with the Joint Independent Audit Committee and we will discuss them with the Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





08 Appendices

Appendix A – Building assurance: responsibilities

The PCC and CC's responsibilities

As set out in Appendix B our fee is based on the assumption that 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 which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

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

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

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

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

Observations from 2024/25

As we have outlined in prior years, 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. We presented our views on the effectiveness of the PCC and CC's arrangements to support external financial across a range of relevant measures as part of our 2024/25 Audit Results Report.

We have repeated this assessment on the following page.

Appendix A – Building assurance: responsibilities (continued)

Factors impacting the execution of the 2024/25 audit

Area	Status			Explanation
	R	A	G	
Timeliness of the draft financial statements	Effective			The financial statements were published by the 30th June 2025 deadline set out in the Accounts and Audit Regulations.
Quality and completeness of the draft financial statements	Requires improvement			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. 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.
Delivery of working papers in accordance with agreed client assistance schedule	Ineffective			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 noted 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. From November 2025 to February 2026, the Finance Team continued submitting responses. There were still delays in receipt of key working papers, such as reconciliation of trial balance to financial statements.
Quality of working papers and supporting evidence	Requires improvement			Since PCC and CC are in one ledger and there are transactions consolidated with the balances of PCC but not posted in the ledger, manual adjustments were required before listings from PCC and CC's systems reconciled to the balances in the financial statements. Hence, working papers often included multiple tabs of information and required discussions with members of the Finance Team to understand the flow of the working papers.
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 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.

Key:

Red: Ineffective. In our judgement, significant improvements are required in the PCC and CC's arrangements to support the rebuilding of assurance. Action should be taken to respond immediately.

Amber: Requires Improvement. Matters and/or issues had an impact on the delivery of the audit and should be addressed in future years.

Green: Effective. There were no significant matters that impacted the timing or effectiveness of audit procedures.

Appendix A – Building assurance: responsibilities (continued)

Factors impacting the execution of the 2024/25 audit (continued)

Area	Status			Explanation
	R	A	G	
Access to Finance Team and personnel to support the audit in accordance with agreed project plan	Ineffective			<p>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.</p> <p>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.</p>
Volume and value of identified misstatements	Requires improvement			We identified several misstatements in the financial statements including casting and consistency points.
Volume of misstatements in disclosure	Requires improvement			We identified several misstatements in the financial statements including casting and consistency points.

Key:

Red: Ineffective. In our judgement, significant improvements are required in the PCC and CC's arrangements to support the rebuilding of assurance. Action should be taken to respond immediately.

Amber: Requires Improvement. Matters and/or issues had an impact on the delivery of the audit and should be addressed in future years.

Green: Effective. There were no significant matters that impacted the timing or effectiveness of audit procedures.

Appendix B - Independence and Fees

The FRC Ethical Standard 2024 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- The overall assessment of threats and safeguards;
- Information about the general policies and process within EY to maintain objectivity and independence
- The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the Joint Independent Audit Committee/those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a "pre-approval" to provide the service).

Final stage

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

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

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

Appendix B - Independence and Fees (continued)

Relationships, services and related threats and safeguards

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

Overall Assessment

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

Self interest threats

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

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2024 (FRC ES), and we will comply with the policies that you have approved.

At the time of writing, we do not provide any non-audit services to the PCC and CC.

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

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

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. There are no self review threats at the date of this report.

Management threats

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

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

Other threats

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

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

Appendix B - Independence and Fees (continued)

EY Transparency Report

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2025 and can be found here: [EY UK 2025 Transparency Report](#).

Appendix B - Independence and Fees (continued)

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

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

The agreed fee presented is based on the following assumptions:

- officers meeting the agreed timetable of deliverables;
- our financial statement opinion and Value for Money conclusion being unqualified;
- appropriate quality of documentation is provided by the PCC and CC;
- an effective control environment; and
- compliance with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.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 which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

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

	2025/26 Current Year	2024/25 Prior Year
	£	£
Total Fee – Code Work	Note 2	
PCC	112,071	109,019
CC	61,135	54,471
Variations to Scale Fee:	Note 3	Note 1
PCC	TBC	TBC
CC	TBC	TBC
Total audit	TBC	TBC

All fees exclude VAT

1. The 2024/25 work has just been completed and we have submitted a scale fee variation to PSAA Ltd for determination in line with their required process. The areas where we have requested additional fee are:
 - Change in materiality;
 - IFRS 16 leases;
 - Quality and preparation: additional audit time resulting from delays at audit commencement, repeated rescheduling, higher grade resourcing, ledger complexity and extensive manual audit adjustments.
 - Technical accounting issues;
 - Additional procedures to assess a significant weakness in VFM arrangements; and
 - Involvement of pension specialists to support audit work on pension liabilities, including roll forward of liabilities and asset ceiling assessment.
2. For 2025/26 the planned fee represents the base fee, i.e., not including any extended testing.
3. The scale fee also may be impacted by a range of other factors which will result in additional work, which may include but are not limited to:
 - Quality of working papers and supporting schedules provided to the audit team.
 - Consideration of correspondence from the public and formal objections.
 - New and revised accounting standards, for example full adoption or additional disclosures in respect of IFRS 16 and CIPFA Bulletin 22.
 - Non-compliance with law and regulation with an impact on the financial statements.
 - VFM risks of, or actual, significant weaknesses in arrangements and related reporting impacts.
 - The need to exercise auditor statutory powers.
 - Prior period adjustments.
 - Modified financial statement opinions

Appendix C – Prior year recommendations

As part of our annual audit procedures we will follow up the specific open and in progress recommendations reported within our 2024/25 reporting, including those relating to Value for Money arrangements. The open recommendations from prior years are outlined below, along with the response from management.

Classification of recommendations		
Grade 1: Key risks and / or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Management needs to address and seek resolution urgently.	Grade 2: Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.	Grade 3: Less significant issues and / or areas for improvement which consider merit attention but do not require to be prioritised by management.

Internal control weaknesses

No.	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
1.	<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> <ul style="list-style-type: none"> Grade 1 	<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>

Appendix C – Prior year recommendations (continued)

As part of our annual audit procedures we will follow up the specific open and in progress recommendations reported within our 2024/25 reporting, including those relating to Value for Money arrangements. The open recommendations from prior years are outlined below, along with the response from management.

Classification of recommendations		
Grade 1: Key risks and / or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Management needs to address and seek resolution urgently.	Grade 2: Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.	Grade 3: Less significant issues and / or areas for improvement which consider merit attention but do not require to be prioritised by management.

Internal control weaknesses

No.	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
2	<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> <ul style="list-style-type: none"> Grade 1 	<p>Management are exploring how they can make better use of the system and reporting attributes to reduce reliance on spreadsheet adjustments and analysis. They are confident improvements will be made ahead of the 2025/26 draft accounts publication.</p>

Appendix C – Prior year recommendations (continued)

As part of our annual audit procedures we will follow up the specific open and in progress recommendations reported within our 2024/25 reporting, including those relating to Value for Money arrangements. The open recommendations from prior years are outlined below, along with the response from management.

Classification of recommendations		
Grade 1: Key risks and / or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Management needs to address and seek resolution urgently.	Grade 2: Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.	Grade 3: Less significant issues and / or areas for improvement which consider merit attention but do not require to be prioritised by management.

Internal control weaknesses

No.	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
3	<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> <ul style="list-style-type: none"> Grade 2 	<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>
4	<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> <ul style="list-style-type: none"> Grade 2 	<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>

Appendix C – Prior year recommendations (continued)

As part of our annual audit procedures we will follow up the specific open and in progress recommendations reported within our 2024/25 reporting, including those relating to Value for Money arrangements. The open recommendations from prior years are outlined below, along with the response from management.

Classification of recommendations		
Grade 1: Key risks and / or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Management needs to address and seek resolution urgently.	Grade 2: Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.	Grade 3: Less significant issues and / or areas for improvement which consider merit attention but do not require to be prioritised by management.

Internal control weaknesses

No.	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
5	<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>	<p>Management should reinforce reviewer checks for PO-invoice matching and ensure manual approval controls operate consistently.</p> <ul style="list-style-type: none"> Grade 2 	[To be added]
6	<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>	<p>Management should introduce an approval workflow for all journals prior to posting in Unit4.</p> <ul style="list-style-type: none"> Grade 2 	[To be added]

Appendix C – Prior year recommendations (continued)

Value for Money arrangements

No.	Value for Money reporting criteria	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
1.	Governance	The 2024/25 audit for the Police and Crime Commissioner for Northumbria (PCC) and Chief Constable of Northumbria (CC) encountered significant delays, with the reporting revised from November 2025 to February 2026. The primary cause was capacity constraints within the PCC/CC Finance Team, compounded by unexpected absences in the team. We, encountered persistent challenges in obtaining timely and complete audit evidence and working papers from management.	We recommend that the PCC and CC should 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. This should involve consideration of cross-training staff so critical roles can be covered, defining clear protocols for prioritizing essential financial reporting and audit support tasks and implementing quality control processes to avoid publishing draft accounts without thorough review. <ul style="list-style-type: none"> ▪ High 	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.

Appendix D – Regulatory update

Key regulatory changes continued

There are a number of key regulatory developments underway relating to local authority governance and the audit of the PCC and CC's financial statements. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures	Impact on PCC and CC
White paper: From local to national: a new model for policing	<p>The White Paper proposes significant changes to how policing is governed, organised and delivered, with a renewed focus on neighbourhood policing, stronger national capability, higher standards, and improved public confidence.</p> <ul style="list-style-type: none">▪ Governance Reform: The abolition of Police and Crime Commissioners, with governance responsibilities transferring to directly elected mayors or Policing and Crime Boards, reintegrating policing into wider local government structures.▪ Structural Reform of Police Forces: A proposed reduction in the number of police forces from the current 43-force model, alongside the creation of Local Policing Areas to maintain local accountability and responsiveness.▪ Creation of a National Police Service: Establishment of a new national body to address serious and complex crime, incorporating key national functions such as the National Crime Agency, Counter Terrorism Policing, National Police Chiefs' Council, and the College of Policing.	<ul style="list-style-type: none">▪ The proposed abolition of PCCs by 2028 will fundamentally change Northumbria Police's governance model, with responsibilities transferring to mayors or local authority-led policing boards.▪ Wider policing reforms, including potential force restructuring and increased national coordination, may impact financial planning, resource allocation, and long-term sustainability.

Appendix D – Regulatory update (continued)

Key regulatory changes continued

There are a number of key regulatory developments underway relating to local authority governance and the audit of the PCC and CC's financial statements. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures	Impact on PCC and CC
Public Office (Accountability) Bill	<p>The Public Office (Accountability) Bill aims to impose a duty on public authorities and public officials to “at all times act with candour, transparency and frankness in their dealings with inquiries and investigations.” Breach of the duty would be a criminal liability.</p> <p>The Bill is expected to apply not only to both core public bodies delivering public services but also private bodies delivering public functions such as those on a government contract.</p> <p>The Bill also proposes:</p> <ul style="list-style-type: none"> ▪ A new statutory duty on public authorities to promote and take steps to maintain high standards of ethical conduct, as defined by the Seven Principles of Public Life, or “Nolan Principles”; ▪ Reforms that will make it easier to prosecute misconduct in public office; and ▪ An offence of misleading the public. 	<ul style="list-style-type: none"> ▪ While the Bill continues to make its way through the House of Commons Committee processes, the PCC and CC should ensure that training and support for JIAC members is enhanced to take account of greater expectations in relation to local government standards.
Local audit reform: Government response to the consultation to overhaul local audit in England	<p>The government response sets out a comprehensive overhaul of the local audit system in England. Central to the reforms is the creation of the Local Audit Office (LAO), which will assume responsibility for appointing auditors, preparing Codes of Audit Practice, enforcing quality standards, and overseeing audit delivery.</p> <p>A phased transition plan will move existing responsibilities from Public Sector Audit Appointments (PSAA) and other bodies to the NAO between 2026 and 2027, with the aim of stabilising the system, addressing audit backlogs, and restoring confidence in the timeliness and quality of local audit.</p>	<ul style="list-style-type: none"> ▪ For PCC and CC, the reforms will lead to more prescriptive expectations around audit readiness, governance, documentation quality, and responsiveness. Authorities should anticipate tighter reporting deadlines and increased scrutiny of working papers, internal controls, and VFM arrangements.

Appendix E – Required communications with the Joint Independent Audit Committee

We have detailed the communications that we must provide to the Joint Independent Audit Committee.

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Joint Independent Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of: <ul style="list-style-type: none"> ▪ The planned scope and timing of the audit ▪ The planned use of internal audit ▪ The significant risks identified 	Provisional Audit Planning Report - June 2026
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 ▪ Other significant matters, if any, arising from the audit that were discussed, or subject to correspondence with management ▪ Circumstances that affect the form and content of our auditor's report ▪ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - November 2026

Appendix E – Required communications with the Joint Independent Audit Committee (continued)

Required communications	What is reported?	Our Reporting to you
		When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▪ Whether the events or conditions constitute a material uncertainty 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 - November 2026
Misstatements	<ul style="list-style-type: none"> ▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management ▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods 	Audit Results Report - November 2026
Fraud	<ul style="list-style-type: none"> ▪ Enquiries of the Joint Independent 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, unless prohibited by law or regulation any identified or suspected fraud involving: <ul style="list-style-type: none"> ▪ Management; ▪ Employees who have significant roles in internal control; or ▪ Others, when the identified or suspected fraud is other than clearly inconsequential. ▪ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▪ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▪ Any other matters related to fraud, relevant to Joint Independent Audit Committee responsibility 	Audit Results Report - November 2026

Appendix E – Required communications with the Joint Independent Audit Committee (continued)

Required communications	What is reported?	Our Reporting to you
		When and where
Related parties	Significant matters arising during the audit in connection with the entity's related parties	Audit Results Report - November 2026
Independence	<p>Communication of the relevant ethical requirements, including those related to independence, that we apply for the audit engagement, including any independence requirements specific to audits of financial statements of the entity.</p> <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>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Provisional Audit Planning Report - June 2026</p> <p>Audit Results Report - November 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 	Audit Results Report - November 2026
Consideration of laws and regulations	<ul style="list-style-type: none"> ▪ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▪ Enquiry of the Joint Independent Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Joint Independent Audit Committee may be aware of 	Audit Results Report - November 2026

Appendix E – Required communications with the Joint Independent Audit Committee (continued)

Required communications	What is reported?	Our Reporting to you
		When and where
Internal controls	<ul style="list-style-type: none"> ▪ Significant deficiencies in internal controls identified during the audit 	Audit Results Report - November 2026
Group audits	<ul style="list-style-type: none"> ▪ An overview of the work to be performed at the components and the nature of the group audit team's planned involvement in the work to be performed by component teams ▪ Instances when the group audit team's review of the work of a component team gave rise to a concern about the quality of that team's work, and how the group audit team addressed the concern ▪ Any limitations on the ability to obtain sufficient appropriate audit evidence in support of the group audit opinion, for example, where the group audit team's access to people or information may have been restricted ▪ Fraud or suspected fraud involving group management, component management, employees who have significant roles in the group's system of internal control or others when the fraud has the potential for having a "more than inconsequential" effect ▪ Significant deficiencies identified in the group's system of internal control 	Provisional Audit Planning Report - June 2026 Audit Results Report - November 2026
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - November 2026
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit Results Report - November 2026
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - November 2026
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report - November 2026

Appendix F – Additional audit information

Objective of our audit

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Other required procedures during the course of the audit

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PCC and CC's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the Group financial statements
- The level of work performed on individual account balances and financial statement disclosures

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

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JOINT INDEPENDENT AUDIT COMMITTEE	15 JUNE 2026
DRAFT JIAC ANNUAL REPORT 2025/26	
REPORT OF: CARRIE YOUNG, CHAIR OF THE JOINT INDEPENDENT AUDIT COMMITTEE	

I. INTRODUCTION

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

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

This report provides the PCC and CC with a summary of the Committee's activities in the financial year 2025/26. It also seeks to provide assurance that the Committee has fulfilled its terms of reference, and added value to the overall governance arrangements that were in place for both the PCC and the CC.

The Committee wishes to record its gratitude to the PCC Chief of Staff Ruth Durham and Joint Chief Finance Officer Gail Thompson for their constant support, along with the officers of the PCC and CC who have regularly attended JIAC throughout the year. The Finance and Corporate Development teams who have again facilitated the work of the Committee well during the year, along with the Internal and External Audit have assisted the Committee to fulfil its role.

2. COMMITTEE MEMBERSHIP AND ATTENDANCE.

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

Member	No of Meetings	% Attendance
Carrie Young (Chair)	4	100%
Catherine Winfield (Deputy Chair)	4	100%
Peter Wood	4	100%
Emily Cocker	2	50%
Mary Callum	4	100%

Andy Wigmore	4	100%
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3. Meetings

The Committee met on 4 occasions during the financial year.

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

4. Risk Management.

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

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

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

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

In February 2026 the Committee received an update on the annual review of risk including the Joint Strategic Risk Register (JSRR) updates, and Northumbria Police Risk Appetite Statement. The Joint Strategic Risk Register (JSRR) is reviewed on an annual basis; this year's review took place over September - November 2025 and included consideration of the current risk appetite for Northumbria Police.

The annual review of risk did not identify any significant changes to the FSRR which impact on the overall risk level. Five areas remain high risk: Digital Policing; Finance; Information and Data Management; Operational and Workforce.

The key change to reporting across all risks is the splitting of the summary of controls and introduction of Core Business and Time-bound controls with expected delivery dates.

The 2025/26 risk appetite statement is more cautious than those previously seen by the Committee reflecting continued financial challenges, changes in legislative and statutory frameworks and national events impacting on public confidence in policing. This is a considered response to provide a period of implementation and consolidation following investment in several property and digital projects.

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

At the November meeting it was highlighted that the Committee find it difficult to see the key issues within the strategic risk registers as they are currently presented. It was noted that a clear picture of where the Force is in relation to areas of concern, where it aims to be, and what it requires to make that happen would be highly beneficial. It was also noted that the committee feels several strategic risk areas are overly broad in scope and are keen to have more detailed discussions focussing on specific strategic areas. Time-bound controls were introduced as part of the annual FSRR review, to differentiate from Core Business controls, and highlight activities aimed at reducing risk within a specified timeframe. In addition, the DCC met with one committee member to discuss the approach to presentation of risk and the role that JIAC members play in providing assurance.

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

5. External Audit

Ernst & Young LLP (EY) provide external audit services.

The Draft Auditor's Annual Report (AAR) 2024/25 along with a Value for Money (VFM) assessment was reported at the November 2025 meeting. The Draft AAR for 2024/25, concluded that there were no significant weaknesses and no improvement recommendations in respect of Financial Sustainability or arrangements to improve Economy, Efficiency and Effectiveness.

However, a significant governance weakness was identified in relation to capacity within the Finance function. During 2025, the Finance team faced considerable resourcing pressures, and despite proactive efforts to manage these challenges, the reduced capacity affected service delivery. Management accepted the audit findings and committed to a comprehensive set of actions to address the capacity issues and build greater resilience within the Finance team.

The Joint Audit Results Report (ARR) 2024/25 was reported at the February 2026 meeting. The Joint CFO provided an overview, highlighting the adjusted and unadjusted misstatements identified by the auditor, which were deemed to be low in volume. Additional staffing resources have been provided to the Finance team, with a Finance Lead joining in January 2026 and an additional senior role identified to assist in building resilience within the Finance Department.

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External Auditor advised they remain in close communication with the Joint CFO and Finance team, a final opinion is required by 27 February 2026, this deadline is expected to be met, however if there is a danger it would be missed, an opinion with a limited scope would be provided to ensure requirements are met.

Members raised several queries for response by the External Audit. It was advised Red, Amber, Green (RAG) ratings have remained mostly unchanged, controls are deemed to still be sufficient, with recent challenges in reporting all having resulted from resourcing difficulties within the Finance Department which are now being addressed.

A query was also raised on the Force's ledger system; it was advised the Force is exploring how to better utilise the technology it has, switching to a new ledger system is not considered a viable option.

Members requested the Committee receive a copy of the relevant accounts in the future to improve their understanding and the feedback they provide; Joint CFO advised a copy of the draft accounts will be provided going forward, once available.

6. Internal Audit

During 2025/26 Gateshead Council provided Independent Internal Audit services for both the PCC and the CC.

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

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

The Committee has challenged findings where appropriate.

As part of the annual governance review, the findings and opinion of the Internal Audit manager are taken into account. The Internal Audit Plan 2025/26 outcomes are summarised below:

Audits Planned	Audits Completed	Audits deferred to following year	Audit Reports Issued *	Operating Well	Satisfactory	Requires Improvement
26	26	0	25	17	8	0

The Committee noted that:

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

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The Committee is appreciative of the efforts of Robert Bowmaker and his colleagues in Internal Audit for their efforts in fulfilling their role throughout 2025/26.

The provision of Internal Audit services was reviewed during 2025/26 via a tender process for internal audit services, with the contract awarded to RSM from 1 April 2026. The contract has a maximum term of 3 years, with 2 years fixed duration plus a 1-year optional extension.

7. Corporate Governance

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

- **Senior Managers' Assurance Statements** - Report of the Internal Audit Manager.
- **The Reports of HMICFRS and other external inspectorates** - Report of the Head of Corporate Development.
- **Review of the Effectiveness of Internal Audit** - Report of the Internal Audit Manager.
- **Internal Audit Annual Report** - Report and opinion of the Internal Audit Manager.
- **External Audit Report** - Report and opinion of the External Auditor.
- **Corporate Risk Management Annual Report** - Report of the Head of Corporate Development.
- **Performance and Data Quality Assurance Annual Report** - Report of the Head of Corporate Development.
- **Self-assessment of the Chief Finance Officer** - Report of the Joint Chief Finance Officer.
- **Legal and Regulatory Assurance** - Report of the Chief of Staff and Joint Chief Finance Officer.
- **JIAC Regulatory Framework Assurance** – Report of the Joint Chief Finance Officer
- **Other Thematic areas, including:** Partnership Arrangements; Business Planning; Wellbeing; Digital Policing; and Fraud, Corruption and Money Laundering - Reports of the Chief of Staff and Joint Chief Finance Officer.

Recommendations for additions in the draft statements are made, to enable the Committee to recommend adoption. The draft and final AGS's for 2024/25 were agreed at the Committee during the 2025/26 financial year.

8. Treasury Management

The Committee is required to monitor and approve Treasury Management policies and strategy.

MUFG Corporate Markets are retained as Treasury service advisers.

The Treasury Management Strategy is agreed annually and reviewed during the year. Challenge is provided on investments, borrowing and the timing of redemptions to ensure that the best use of reserves is made. The Committee has monitored progress throughout

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the year and are pleased to report that Treasury Management is operating well and within the agreed limits.

The Treasury Management Annual Report for 2024/25 was reviewed by the Committee in June 2025 and recommended to the PCC for publication.

The Treasury Management Mid-Year Report 2025/26 was reviewed by the Committee in November 2025 and recommended to the PCC for publication.

The Treasury Management Policy Statement and Treasury Strategy 2026/27 to 2029/30 was reviewed by the Committee in February 2026 and recommended to the PCC for adoption.

9. JIAC Self-Assessment

A self-assessment of the Committee's competencies was carried out in May 2026 as part of the review of the activities of the Committee by Internal Audit, during the review of annual assurance, the following were highlighted:

- The Committee was operating well and meets the terms of reference. They demonstrate the necessary skills, knowledge, and experience to perform their function.
- Evidence includes the Committee's oversight of risk management, internal audit arrangements, the Statement of Accounts and approval of the Annual Governance Statement.
- Where additional knowledge is required, both the PCC and CC representatives are able and willing to provide the necessary briefing/training.
- Support for the work of the Committee comes from the Joint Chief Finance Officer and their Team, Chief of Staff to the PCC, and the Deputy Chief Constable, which has greatly assisted the Committee in its work.

10. JIAC Terms of Reference, Membership and Development

During the year a review of the Terms of Reference (ToR) for the Committee was undertaken. One minor change has been proposed to the ToR, this is included on the agenda for the June 2026 meeting and detailed below:

- The ToR reference the appointment of a Chair and Vice Chair at the first meeting of the JIAC in a financial year. The term length for the Chair and Vice Chair is currently one year. At the meeting in June 2025 members suggested that the term for these positions should be two years. This amendment is shown in the membership section of the updated ToR covered as a separate item on this JIAC agenda.

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

II. Recommendation

The Committee is recommended to consider, comment on, and note the above report and agree it as an appropriate summary of the activities of the Committee for financial year 2025/26. The report will be amended to include any changes arising from the meeting of the Committee on 15 June 2026.

Carrie Young
Chair of Joint Independent Audit Committee

DRAFT

Joint Independent Audit Committee	15 June 2026
Joint Strategic Risk Register	
Report of: Ruth Durham, Chief of Staff and Monitoring Officer and Jayne Meir, Deputy Chief Constable	
Author: Paul Godden, Head of Corporate Development	

I. PURPOSE

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

2. BACKGROUND

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

Governance of the Joint Strategic Risk Register

- 2.2 The JSRR identifies each risk, provides context to the risk, and identifies current factors affecting thematic areas and captures the consequences if it were to happen. It also provides a summary of existing controls split between core business and time bound controls, and rates risks on the likelihood of the risk occurring and the impact it would have. All risks are regularly reviewed by the respective owners and updated, where necessary.
- 2.3 Area Commanders, Department Heads, Senior Leadership Teams and the OPCC are responsible for the identification of emerging risks, some of which might not be controlled locally and have the potential to prevent the Force and PCC from achieving objectives.
- 2.4 Risks are escalated in-line with the governance and decision-making structures and recorded on the JSRR. Recommendations and areas for improvement following external inspections are considered to ensure they are adequately reflected in current risks.
- 2.5 The JSRR is reported to the Joint Business Meeting between the PCC and the Chief Constable on a quarterly basis. This presents the Force Strategic Risk Register (FSRR) alongside the OPCC Strategic Risk Register. The Joint PCC/Chief Constable Governance Group and Joint Independent Audit Committee (JIAC) provide additional scrutiny and governance on a quarterly basis.

Key changes to the OPCC Strategic Risk Register

- 2.6 Appendix A provides an overview of the current Red, Amber, Green (RAG) status of the strategic risks for the Northumbria OPCC, alongside the OPCCSRR.

Risk I – Finance

- 2.7 This risk has been updated to reflect the final police funding settlement for 2026/27, published on 28 January 2026. This settlement has informed the removal of previously agreed time-bound controls.
- 2.8 The approved police precept increase of £15 and the Government's acknowledgement of the financial challenge faced by some forces, including Northumbria Police and approved a precept limit of £18.50 for Band D properties.
- 2.9 The current geo-political instability in the Gulf which is now expected to place additional pressure on budgets in 2026/27 has also been included.
- 2.10 Likelihood remains high (4); impact remains high (4).

Risk 2 – Governance

- 2.11 This risk now reflects the ongoing police governance reform programme and engagement in national forums to help shape future police governance legislation.
- 2.12 Time bound controls in relation to the development of the refreshed Police and Crime Plan have been updated to reflect the current position. The new internal auditor has been appointed; this time bound control is now assessed as complete.
- 2.13 Likelihood remains very low (1); impact remains low (2).

Risk 3 – Partnership & Collaboration (OPCC)

- 2.14 The 2026/27 funding positions have been shared with partners, this time bound control has been assessed as complete.
- 2.15 Likelihood remains low (2); impact remains high (4).
- 2.16 There have been no changes to the assessment of risk during the last reporting period.

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

Force Strategic Risk Register

- 2.17 The FSRR captures risk(s) in thematic areas: Digital Policing; Finance; Governance; Information and Data Management; Information and Data Quality; Infrastructure and Assets; Operational; Partnership and Collaboration; Projects/Programmes; Public Confidence; Regulation and Standards; Strategy; and Workforce.
- 2.18 Appendix B provides an overview of the current Red, Amber, Green (RAG) status of the strategic risks for Northumbria Police, alongside the FSRR.

- 2.19 There remain a number of time bound controls where an expected delivery date is still to be confirmed; these are in areas where there is additional complexity or where there is current work ongoing on the development of delivery plans.

Key changes to the Force Strategic Risk Register

Strategic Risk A – Digital Policing - Inability of the Force to respond effectively to service demand due to loss or failure of mission and business critical technology solutions.

- 2.20 Previously reported timebound controls have been delivered within the expected timescale.
- 2.21 Communications Department is now in liaison with British Telecom around performance improvements with telephony platform functionality to seek to address technical delays in 999 response times; a timescale for delivery is to be confirmed.
- 2.22 The risk remains as likelihood medium (3) and impact high (4).

Strategic Risk G – Operational – Inability to deliver centralised force coordination with sustainable capacity and capability to meet statutory requirements under the Civil Contingencies Act (CCA) and to enable discharge of responsibilities to meet the Strategic Policing Requirement.

- 2.23 Previously reported time bound controls have been delivered including the public and personal safety training (PPST) and public order training (TL2) position and have resulted in an improved position around major incident preparedness.
- 2.24 Time bound controls have also been updated in relation to Northumbria Local Resilience Forum (NLRF) resources to Summer 2026 and Public Order Public Safety (POPS) kit to September 2026.
- 2.25 The likelihood of the risk occurring has been reduced to medium (3) from high (4); the assessment of impact remains unchanged, medium (3).
- 2.26 As a result, the overall thematic risk has been re-assessed from high to medium.

Strategic Risk J – Public Confidence – The loss of public confidence in Northumbria Police due to the behaviour, conduct, actions or inaction of Northumbria Police as an organisation or individuals representing the Force.

- 2.27 The Force has experienced an increase in the number and complexity of Notifiable Inappropriate Associations (NIAs). While high risk NIAs are addressed quickly, annual reviews for all NIAs are not currently achievable. Due to its persistence and organisational significance, the increase in NIAs has been escalated to the FSRR.
- 2.28 Time bound controls are in place to develop a risk matrix to provide consistency in the decision making (this has been trialled), and also a digital solution which will digitise the NIA disclosure and review process; expected completion August 2026.

- 2.29 The assessment of risk across the thematic area remains likelihood low (2); impact high (4).

Strategic Risk K – Regulation & Standards – Standards, conduct and behaviours of the workforce are not in-line with Northumbria Police values and the Code of Ethics.

Northumbria Police and/or its staff, fail to operate within the regulatory framework defined by law or by force policy. In doing so, creating risks which may result in harm to individuals, groups or organisations.

- 2.30 The expected delivery date for external consultancy to address delivery of pension remedy obligations was extended to April 2026. The Force is exploring options for further external support; expected delivery to be confirmed.

- 2.31 The assessment of risk across the thematic area remains as likelihood medium (3); impact medium (3).

Strategic Risk M – Workforce – Inability to sustain an effective workforce profile due to reduced attraction, recruitment, and retention, impacting operational resilience and service delivery.

- 2.32 Following the realignment of standards, conduct and behaviours of the workforce to the thematic area of Regulations and Standards, the assessment of risk across the thematic area of Workforce has been reassessed as Medium (from high).
- 2.33 Impact has been re-assessed as medium (3) from high (4); likelihood remains medium (3).
- 2.34 As a result, the overall thematic risk has been re-assessed from high to medium.
- 2.35 The current assessment of Force strategic risk across the thematic areas is:

Thematic Risk Area	Likelihood	Impact	RAG
Digital Policing	Medium (3)	High (4)	High (12)
Finance	High (4)	High (4)	High (16)
Governance	Low (2)	Low (2)	Low (4)
Information & Data Management	Medium (3)	High (4)	High (12)
Information and Data Quality	Low (2)	High (4)	Medium (8)
Infrastructure and Assets	Low (2)	Medium (3)	Medium (6)
Operational	Medium (3)	Medium (3)	Medium (9)
Partnership and Collaboration	Low (2)	High (4)	Medium (8)
Projects/Programmes	Low (2)	High (4)	Medium (8)
Public Confidence	Low (2)	High (4)	Medium (8)
Regulation and Standards	Medium (3)	Medium (3)	Medium (9)
Strategy	Low (2)	High (4)	Medium (8)
Workforce	Medium (3)	Medium (3)	Medium (9)

Reported Portfolio Risks

- 2.36 To enable better visibility and executive oversight, 'top' risks and expected timelines identified from each Portfolio Governance Board (PGB) are now reported at each Force Assurance Board and routed through the governance and decision-making process.
- 2.37 Appendix C provides a list of those identified.
- 2.38 Further information on the Digital Policing and Operational thematic areas will be presented for members' consideration to support the Committee to provide independent assurance on the adequacy and effectiveness of the risk management framework and the associated control environment.

3. CONSIDERATIONS

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

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APPENDIX A.

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

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

Assessment of Risk

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

The 'Context' provides details of the circumstances that form the setting for the risk to assist understanding.

'Current factors' provide information about what is influencing the risk and contributing to the strategic assessment of the risk at the current time.

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

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

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

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

Key:

Green: Very Low/Low

Unlikely to occur or the risk is fully manageable. Likely to lead to no or only tolerable delay in the achievement of priorities.

Amber: Medium

The Force is actively managing the risk as is practicable. The risk may lead to moderate impact on the achievement of priorities.

Red: High/Very High

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

**Risk Appetite Keys:
Position:**

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

Tolerable: the level of risk with which the Force is willing to operate given current constraints. This balances the funding position with the position outlined in the Force's purpose, vision and strategic objectives. The tolerable position will shrink as the Force optimises the risk position.

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

Level:

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

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

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

Open (Medium High): Willing to consider all options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward.

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

A	Strategic Risk Area – Digital Policing		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Cautious
	Risk – Inability of the Force to respond effectively to service demand due to loss or failure of mission and business critical technology solutions.		
Context –			
<ul style="list-style-type: none"> ▪ Limitations of current digital policing systems, which impacts service delivery. ▪ Loss of critical digital policing services. ▪ Significant information technology (IT) projects and programmes. ▪ A malicious intent to compromise or access information or data. ▪ Failure of national projects to deliver on time and to specification. ▪ Compromise of security perimeter devices leading to a compromise of the Force core network and a breach of confidentiality and integrity of Force data, and subsequent impact to national systems. 			
Owner(s)	Assistant Chief Constable (Force Innovation)		
Governance & Oversight	Force Innovation Portfolio Governance Board		
Current factors	<ul style="list-style-type: none"> ▪ Lack of skills and/or capacity to fulfil business as usual and change activities in parallel. ▪ Legacy technology estate carrying a low level of documentation, coupled with loss of knowledge and introduction of new staff. ▪ Some technologies are no longer covered under a commercial contract for support and maintenance. ▪ Some technologies are no longer supported by the vendor resulting in a lack of security patching and feature upgrades. ▪ Lack of standardisation across the technology estate. ▪ Unclear business ownership aligned to technologies to effect business representation against contract renewals and license allocation. ▪ Disparate applications with unclear alignment to Force capabilities. ▪ No formally agreed Service Level Agreements (SLAs) with the business in relation to technology availability and recovery. ▪ An organically grown network which is lacking consistency and standardisation. ▪ A significant weakness was highlighted during the internal audit in May 24. This relates to the visibility and reporting of the network security posture, and more specifically the patch status of network devices. ▪ 999 telephony platform functionality (six second delay). 		
Potential consequence	<ul style="list-style-type: none"> ▪ Ineffective IT system to support business processes. ▪ Inability to effectively communicate with partners and the public. ▪ Loss of information from systems as a result of a cyber-attack. ▪ Removal from the Public Service Network (PSN/p) may be considered if the Force network is found to have been compromised. ▪ Loss of confidence in systems and the organisation from users, the public and partner organisations. 		

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APPENDIX A.

	<ul style="list-style-type: none"> ▪ Loss of people data due to out of service life and unsupported core people systems internally and externally. ▪ Confidentiality and integrity risk to Force data and systems and potentially national policing data and systems. ▪ The ability to carry out impact assessments based on new vulnerabilities is manual and therefore may result in devices missing critical and non-critical updates within a suitable timeframe.
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Summary of Controls	Core Business	
	<ul style="list-style-type: none"> ▪ Digital Policing Board Key Performance Indicator (KPI) to track and maintain oversight of both National Management Centre (NMC) alerts and patching. ▪ New major IT organisational restructure approved with 96% of vacancies filled increasing leadership, capability and capacity. ▪ Audit regime to test internal switches and disablement when required. ▪ Effective Cyber Incident Response Plan (CIRP) in place. ▪ Patching policy in place to ensure daily checks and patching regime on network and infrastructure devices is maintained and reported. ▪ Centralised hardware security monitoring fully operable via the NMC provided by the National Enabling Programme. ▪ Increased the number of devices being monitored (Meraki devices) by the central monitoring by NMC. ▪ Close direct relationships with Cyber support and oversight provided by the National Cyber Security Centre (NCSC). ▪ Greater security enhancement via enhanced Firewalls, access controls including use of Administrative Username and Password in place and further investment in new F5 technology across the Force network. ▪ Annual and ad-hoc penetration testing regime embedded. ▪ Implementation of Smart Contact Command and Control solutions removing the threat of loss of 999 and 101 calls due to loss of NPICCS. ▪ Increase in the frequency and types of backups of the people data and full system backups to minimise any loss. ▪ Periodic restores and read tests in place to ensure backup is viable. ▪ Implementation of Digital Roadmap provides visibility and buy-in from key stakeholders against all change activities required 	
	Time-bound	Expected Delivery
	<ul style="list-style-type: none"> ▪ Extension of existing Cobol resources. 	End of 2026
<ul style="list-style-type: none"> ▪ Discovery and modelling of the entire technology estate has commenced. This will provide full documentation and understanding of linked assets, and the ability to carry out effective assessment to drive improvements. 	March 2027	

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	<ul style="list-style-type: none"> ▪ Tender being shaped to redesign and deliver a transformed Local Area Network (LAN). 	March 2027
	<ul style="list-style-type: none"> ▪ Disaster recovery controls in formation to deliver appropriate management of core system recovery and associated business continuity plans. 	June 2026
	<ul style="list-style-type: none"> ▪ Communications Department liaison with British Telecom around performance improvements with telephony platform functionality. 	To be confirmed.
Likelihood	3	12
Impact	4	

B	Strategic Risk Area – Finance		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Cautious
	Risk – Reduction in funding and/or funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery.		
<p>Context -</p> <ul style="list-style-type: none"> ▪ A review of the funding formula used by government to distribute grant funding to police forces in England and Wales may lead to a reduction in the percentage of central government police funding allocated to Northumbria Police. ▪ Reduction in central government funding as announced in the annual Home Office (HO) Police Funding Settlement. ▪ The funding settlement currently provides certainty for only one financial year and carries continued long-term uncertainty over several funding strands, including NPG, National Insurance Compensation and Pensions. ▪ Continued global cost pressures and cost of living increases are not funded with the grant settlement, leading to the necessity for efficiencies. ▪ Other public sector funding reductions may reduce services provided, leading to increased service pressure on Northumbria Police and a need to look at potential collaboration opportunities. ▪ In-year events or changes, outside of Northumbria Police's control, may lead to unbudgeted costs that cannot be met from within the annual budget. 			
Owner(s)	Chief Constable and Chief Finance Officer (CFO)		
Governance & Oversight	Executive Board / Joint Business Meeting		
Current factors	<ul style="list-style-type: none"> ▪ The Comprehensive Spending Review (CSR) announcement in June 2025 did not provide any clarity on future government funding over the medium term, only high-level estimates of total police funding through to 2028/29, which included CT Policing, top-slice and Council Tax assumptions for which no detail was shared. ▪ The final police funding settlement for 2026/27 was published on 28 January 2026. It is one-year only and provides no information for future years. ▪ The share of additional grant funding for Northumbria Police is £10.871m which represents a funding shortfall against our expectation. ▪ The primary reason for the shortfall is the removal of the specific grant for Uplift Overshoot (additional recruitment to meet national Uplift targets) which represents a loss of £6.1m for 2026/27 and a further loss of £2.5m in future years relating to pay progression. ▪ Referendum limit for precept increase confirmed at £15.00 per year for a Band D property. The government acknowledged the 		

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	<p>particular financial challenge faced by a small number of forces including Northumbria Police and approved an exceptional precept referendum limit of £18.50 per year for a Band D property, for those forces only.</p> <ul style="list-style-type: none"> ▪ Funding of £200 million nationally was provided for the Neighbourhood Policing Guarantee (NPG) in 2025-26. Forces were previously told that this would be Year 1 of the Government’s pledge for a national 13,000 increase in resources to Neighbourhoods. ▪ Funding provided in 2026/27 (Year 2) is only £50 million nationally, allocated to increase the total number of officers and PCSOs assigned to neighborhood policing by 1,750. Northumbria Police will receive their funding formula share (3.08%) which equates to £1.540m, to deliver 54 posts. This equates to only £29,000 per post. ▪ Police Officer and Police Staff pay awards were agreed for 2025 at 4.2%, which was above the budgeted level of 2.5%. National funding of £120m was made available by the Home Office to compensate forces for the part year impact in 2025/26. The Home Office have stated that the full year impact of the 2025 pay award, and any future year pay awards, will need to be met in full, from within annual settlement allocations, no further in-year additional funding will be available. ▪ At this time, the budget position for 2025/26, financial reserves held and the robust controls detailed below mitigate in the short term the consequence. ▪ There is still an expectation that the review of the Police Allocation Formula (PAF) will be delivered under the new Government however, timescales are yet to be clarified and likely to be addressed as part of the wider police reform measures under the White Paper. ▪ Whilst inflationary rises remain a pressure across non-pay budgets for 2026/27, rates were anticipated to be lower than experienced in recent years. However, current geo-political instability in the Gulf region is now expected to place additional pressure on budgets in 2026/27, particularly across fuel, energy, ICT hardware and construction.
<p>Potential consequence</p>	<ul style="list-style-type: none"> ▪ A reduction to national funding, short notice changes or extraordinary increases in cost may require a change in short and medium-term force financial planning, including a need to deliver unplanned efficiencies and savings thereby impacting on service delivery. ▪ Any in-year pressures which become a forecast overspend must be addressed through consideration of in-year efficiencies and discussions with the Police and Crime Commissioner (PCC) relating to any appropriate use of reserves to manage the in-year impact.

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Summary of Controls	Core Business	
	<ul style="list-style-type: none"> ▪ Transparent ownership of financial matters between the PCC and Chief Constable. ▪ Well, understood in-year financial monitoring and reporting governance. ▪ An effective Reserves Strategy to provide mitigation against known and potential future events (Inflationary Risk, Pay Inflation, Emergency Services Network, Operational Systems Reserves etc.), plus reserves providing financing to planned future investments. ▪ Full consultation, engagement and lobbying alongside and independently with the Police and Crime Commissioners Treasurers' Society, NPCC Treasurers' group and the HO alongside regional public sector partners including the Mayoral Office, to influence funding for Policing and the North East. ▪ Effective force wide Business Planning cycle, Revenue and Capital budget setting processes, Efficiency plans and monitoring. ▪ An effective Workforce Plan, Governance Arrangements and Force Operating Model (FOM) to manage pay related spend. ▪ Pay Inflation Reserve to mitigate impact of higher pay awards. 	
	Time-bound	Expected Delivery
	There are no time-bound controls.	
Likelihood Impact	4 4	16

C	Strategic Risk Area – Governance		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	Risk – Failures originating from unclear plans, priorities, responsibilities and accountabilities and/or ineffective or disproportionate scrutiny, oversight, transparency and internal control of decision-making and/or performance.		
Context – <ul style="list-style-type: none"> ▪ Chief Constable is unable to account to the PCC for the exercise of their functions and those under their direction and control. ▪ There is a breakdown in relationship between the Force and Office of the Police and Crime Commissioner (OPCC). ▪ Response to external inspection and investigation activity by His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). 			
Owner(s)	Deputy Chief Constable		
Governance & Oversight	Executive Board		
Current factors	<ul style="list-style-type: none"> ▪ Challenging Force change projects and programmes. ▪ Government announcement that the role of Police and Crime Commissioners will be abolished from 2028 with their responsibilities transferring to elected Mayors, or new policing boards. ▪ Capacity of the Finance Team. 		
Potential consequence	<ul style="list-style-type: none"> ▪ Inability to identify and respond to deteriorating performance resulting in policing priorities not being achieved. ▪ A decline in quality and service delivery, leading to a reduction in satisfaction levels. ▪ Inability to work effectively in partnership to provide services to victims and witnesses. ▪ Slippage/failure of projects, which hamper the achievement of objectives. ▪ Adverse external inspection reports, leading to recommendations and wider escalation. ▪ Loss of public confidence. 		
Summary of Controls	Core Business <ul style="list-style-type: none"> ▪ Police and Crime Plan. ▪ Force Strategy, underpinned by thematic strategies and delivery plans. ▪ Regular review of the governance and decision-making structure to ensure it provides appropriate governance arrangements, including OPCC Scrutiny Meeting to hold the police to account on behalf of the public. ▪ A Joint Independent Audit Committee to provide advice to the PCC and Chief Constable on the principles of corporate governance. ▪ Internal Audit of Governance by Gateshead Council. ▪ Adherence to CIPFA good governance. 		

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	<ul style="list-style-type: none"> Wider availability of information provided to, and outcome from, governance meetings to direct and support activity in pursuit of more informed decision making and improved performance. 	
	Time-bound	Expected Delivery
	There are no time-bound controls.	
Likelihood Impact	2 2	4

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D	Strategic Risk Area – Information and Data Management		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Minimalist
	Risk – Challenges in adhering and complying with consistent and sustainable data management processes and standards to prevent data breaches.		
Context – <ul style="list-style-type: none"> ▪ Application of records management policy and procedures (review, retention and deletion). ▪ The ability to assign accountability/ownership of physical and electronic data assets force wide, to ensure data is collected, stored, and used appropriately through the use of Information Asset Owners and Information Asset Registers. ▪ Incomplete baseline of Force data and infrastructure. ▪ The complex alignment of digital policing architecture to ensure interoperability. ▪ Evolving technical infrastructure, with hybrid on-premise and cloud provision. ▪ Complex and saturated storage solutions. ▪ Management of digital file storage. ▪ Evolving cyber threats with varying risk. ▪ Significant process and technical debt in storage of digital assets/data. ▪ Absence of defined processes to catalogue and manage assets. 			
Owner(s)	Assistant Chief Constable (Force Innovation)		
Governance & Oversight	Force Assurance Board		
Current factors	<ul style="list-style-type: none"> ▪ The replacement of Force legacy systems presenting competing data management compliance elements. ▪ Increased demand due to Digital Policing Change Programme and associated interdependencies relating to new ways of working. ▪ Additional threat from external sources relating to cyber related adverse impact. ▪ Compliance with Records and Product Management (RPM). ▪ Developing workforce with inadequate Information Asset Owners (IAOs) and Information Asset Lead engagement. 		
Potential consequence	<ul style="list-style-type: none"> ▪ Corruption or loss of Force systems. ▪ Loss of data and information assets. ▪ Failure to comply with both Force policy and procedure and Management of Police Information statutory guidance. ▪ Force policy and procedure processing, storing and handling of data not followed. ▪ Mishandling of information through a lack of understanding of relevant legislation (Data Protection Act 2018). ▪ Data Protection Act 2018 breaches. ▪ Failure to comply with Information Commissioner’s Office (ICO) best practice, standards and relevant codes of practice. ▪ Failure to comply with the Investigatory Powers Act: codes of practice. 		

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	<ul style="list-style-type: none"> ▪ Adverse findings from Investigatory Powers Commissioner’s Office (IPCO) or ICO inspection, which could result in sanctions placed on the Force by the Commissioners which would impact on all aspects of criminal and non-criminal investigations. ▪ Litigation, legal action against the Force leading to enforcement action and monetary penalties. ▪ Limited ability to access information and/or respond to requests for information. ▪ Loss of confidence due to inappropriate or unlawful disclosures of personal data (internally and externally). ▪ Compromise of operational activity and/or covert tactics. ▪ Compromise of physical and technical security controls which would impact information assets and/or systems if vulnerability is exploited. ▪ Sub-optimal ability of the Force to respond to public inquiries.
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Summary of Controls	Core Business	
	<ul style="list-style-type: none"> ▪ Information Management Department (IMD) with more effective capability, including the roles of Data Protection & Disclosure Adviser and Information Security & Assurance Manager. ▪ Review and regular update of Data Sharing Agreements with partners. ▪ Targeted and relevant audit and organisational learning process to identify inappropriate handling and management of information. ▪ Oversight and management through the Governance and Decision-making structure. ▪ Implementation of formal Information Asset Registers, training, awareness and ongoing monitoring and support for IAOs and Information Asset Leads. ▪ Enhanced legislative, policy/procedure compliance via review, retention and deletion (RRD) implementation around stored data, which radicalises volumes and controls access. ▪ Planned assurance schedule relating to critical systems and services. ▪ Bi-monthly meeting with Senior Information Risk Owner to formally assess and govern risk. ▪ Force OpSy role identified and placed into IMD to improve operational security. 	
	Time-bound	Expected Delivery
	<ul style="list-style-type: none"> ▪ IMD and Digital Policing collaborating effectively to formally identify, document and mitigate risk through the implementation of innovative and measurable solutions via implementation of automated processes, utilising available functionality within the 365 capability. 	Implementation of tooling May 2026, conclusion of assessment December 2026
<ul style="list-style-type: none"> ▪ Increased use of technical security controls and monitoring provided by the National Management Centre. Existing procedures in respect of data breaches ensure obligations placed on the organisation in such instances are met. 	April 2026 (assuming NEP DR3 design in place)	

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Likelihood	3	12
Impact	4	

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E	Strategic Risk Area – Information and Data Quality		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	Risk – Challenges in efficiently and effectively managing data through the technical and cultural implementation of control measures, storage and practice in support of existing and new operating platforms.		
Context -			
<ul style="list-style-type: none"> ▪ Building an insight driven culture enabling data literacy, accessibility and accountability across the organisation. ▪ A recognition of the Force’s ability to accurately collect and present data required to support decision making in all areas of business, whilst ensuring statutory data returns to relevant bodies are concise, accurate and timely. ▪ The replacement of Force legacy systems presenting competing data collection processes. ▪ The application of control measures that affect the way staff interact with data is needed to support the cultural change required to successfully deliver the new operating platforms. ▪ The implementation of seamless management of data across platforms to allow interoperability and easy user access. 			
Owner(s)	Assistant Chief Constable (Communities)		
Governance & Oversight	Force Assurance Board		
Current factors	<ul style="list-style-type: none"> ▪ Legacy data and systems. ▪ Vetting our workforce at the appropriate levels defined by role requirements. ▪ Managing the use of personal devices for official tasks. ▪ Limiting staff and visitor access to information, assets and estate. 		
Potential consequence	<ul style="list-style-type: none"> ▪ Inaccessible/inaccurate intelligence. ▪ Up-to-date crime intelligence, and other force data - specific data sets such as exhibits are not available to officers/staff or data is stored in various locations and formats without formal recording or RRD (Retention, Review, Deletion) processes in place. ▪ Inaccurate data leading to non-compliance with regulations, a potential negative impact upon investigations and subsequent loss of public confidence. ▪ Reduction in force performance and delivery through poor and non-reflective data quality. ▪ Inaccurate data returns to the HO and other bodies e.g. HMICFRS. ▪ Adverse findings from inspectorate and audit bodies e.g. HMICFRS and ICO. ▪ Poor data quality affecting operational and business decisions, meaning that critical risk factors may be missed or not fully understood e.g. vulnerability, officer safety and public safety. ▪ Limited confidence to provide accurate information in response to requests 		
	Core Business		

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

F	Strategic Risk Area – Infrastructure and Assets		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Cautious
	Risk – Failure to effectively manage assets to ensure continued effective service delivery through provision of equipment and facilities which keep the workforce capable; able to respond to the public and maintain the physical security and safety of our estate.		
Context –			
<ul style="list-style-type: none"> ▪ Failure to appropriately maintain assets may result in critical failure. ▪ Failure to comply with building regulations and legislation regarding the safety of our estate. ▪ Force must meet future sustainability and carbon reduction targets ▪ Failure to ensure officers and staff have the right assets and equipment available to perform their role. ▪ Failure to prevent unauthorised access to force buildings. ▪ Failure to provide the appropriate training estate to enable maintenance of operational training profiles and to meet CoP licensing requirements. 			
Owner(s)	Assistant Chief Officer Corporate Services		
Governance & Oversight	Strategic Resourcing Board / Estates Board		
Current factors	<ul style="list-style-type: none"> ▪ The Estates Strategy delivery timeline has been agreed and is managed through Estates Programme Board with bi-monthly updates into Executive Board. ▪ An updated agile working policy has been agreed which seeks to optimise flexibility whilst maximising use of the Estate. ▪ Delays and increased costs of Estates programme as a result of supply chain issues and inflationary pressures. ▪ Physical security of buildings and methods of access. ▪ Non police owned operational training estate with reliance on other parties to support our delivery. ▪ Storage capacity for evidential property. ▪ UK Supreme Court Human Rights Judgement that the terms ‘man’, ‘woman’ and ‘sex’ in the Equality Act 2010 refer to biological sex 		
Potential consequence	<ul style="list-style-type: none"> ▪ Injury to users of assets, detainees or the public. ▪ Reduced availability of assets impacts on services across some or all business areas. ▪ Litigation and civil claims. ▪ Negative impact on the workforce and on public confidence. ▪ Not achieving sustainability and carbon reduction targets. ▪ Unauthorised access to force buildings and assets. ▪ Loss of CoP license to deliver operational training impacting on capability and deployability of workforce. ▪ Property is stored in various locations without formal recording or RRD (Retention, Review, Deletion) processes in place. Potential for non-compliance with regulations and a potential negative impact on 		

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	investigations and subsequent loss of public confidence. Volumes retained also impacts on cost to transition from NPICCS to Niche.	
Summary of Controls	<p>Core Business</p> <ul style="list-style-type: none"> ▪ There has been a programme of communications issued to all staff in relation to building security. Including the wearing of identification and challenging where appropriate individuals seeking to access force buildings. ▪ Additional penetration testing to test building security measures has been put in place. ▪ Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business. ▪ Business Continuity Plans, Estate Strategies and policies and procedures in place. ▪ Regular inspection, testing and maintenance programmes in place in respect of water hygiene, electricity and gas safety. ▪ Statutory maintenance audit sampling a number of force buildings to be undertaken, providing assurance around statutory compliance and potentially to identify any gaps in maintenance coverage. ▪ Fire risk assessments in place. ▪ Asbestos management plan in place. ▪ Health and Safety management embedded at tactical and strategic level. ▪ Fleet Strategy implemented in-line with carbon reduction targets. ▪ Vehicle maintenance, transportation and installation partners are vetted to ensure security and continuity of service. ▪ Internal fuel stock maintained. ▪ Asset management software and/or recording system in place. ▪ Telematics installed in all cars (excluding covert) providing management oversight with timely maintenance and usage data. ▪ Operational equipment requirements are managed via the Force Safety Group and reported to the Culture and Leadership Board. ▪ Estates Strategy significant investment projects and Estates Capital Programme progress are overseen by the Estates Programme Board. ▪ National and local consultation on the UK Supreme Court Human Rights Judgement. ▪ Understanding and review of the Force estate to ensure it is fit for purpose and used effectively. Where appropriate maximise collaboration and shared estate where there is an operational benefit. ▪ EV Strategy which includes sustainable fleet 	
	Time-bound	Expected Delivery
	<ul style="list-style-type: none"> ▪ Electronic access control system for all force buildings currently in roll-out. 	Summer 2026
	<ul style="list-style-type: none"> ▪ Implement agreed Estates Strategy, rationalising where appropriate and re-profiling building refurbishment programme to align with future operating model and operating procedures. 	Spring 2026
	<ul style="list-style-type: none"> ▪ Operational training bases are in place in collaboration with the fire services as a 	Spring 2027

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	temporary measure to ensure CoP licences can be maintained until a new Operational Training Facility can be acquired and brought into use.	
	<ul style="list-style-type: none"> ▪ Review of evidential property management with support from the DMAT (Data Management Assessment Team) is ongoing to deliver an improved property system. 	2027/2028
Likelihood Impact	2 3	6

G	Strategic Risk Area – Operational		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Cautious
	Risk – Inability to deliver centralised force coordination with sustainable capacity and capability to meet statutory requirements under the Civil Contingencies Act (CCA) and to enable discharge of responsibilities to meet the Strategic Policing Requirement.		
Context – <ul style="list-style-type: none"> • Need to ensure that JESIP and Joint operating principles are complied with and responsibilities understood in force. This is in conjunction with partners and NLRF to manage major and critical incidents. • Cognisance of the national Strategic Threat and Risk Assessment to inform the capacity, capability and deployment of specialist assets (Firearms, POPS, RPU). Including implementation of learning from public inquiries such as MAI, Grenfell, Covid and Hillsborough. • Need to ensure that the force is able to effectively manage changing societal risks including; Environment, Energy & Supply Chains, Health, Public Services & Transport, Public Order& Protest. Any resulting Major Incident or hostile Action occurring in those. <ul style="list-style-type: none"> ▪ The force needs to deploy effectively trained and accredited assets including those in key decision making roles to mitigate operational risks. 			
Owner(s)	Assistant Chief Constable (Force Coordination)		
Governance & Oversight	Force Assurance Board		
Current factors	<ul style="list-style-type: none"> ▪ Current review of the CCA (Civil Contingencies Act) recommendations including Mayoral Strategic Authorities and LRF becoming Category I Responders. Statutory 5year review of Act 2026/2027. ▪ White Papers - English Devolution and Policing Reform. ▪ Strategic Defence Review and implications of Home Defence (Strategic Reserve and recall of reservists, CNI protection and movement of Military assets out of UK). ▪ Growth of NLRF as part of trailblazers model. ▪ Statutory guidance for JESIP and increased training requirements. ▪ Imbalance of skills and capability for specialisms across the force are a result of staffing changes/moves. ▪ Increase in POPS related deployment (events, protest, sporting and spontaneous) requiring deployments. ▪ Manchester Arena recommendations and impact from Grenfell, COVID and Hillsborough inquiries impacting broader testing & exercising. ▪ Maintenance of critical competency training profiles for the Force; PPST, TL2/3, Taser, Driving and Mod3. ▪ Increased Mutual Aid requests and Multi Agency requests for assistance. ▪ Availability, servicing, storage and procurement of kit and equipment. 		

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	<ul style="list-style-type: none"> ▪ Maintenance of Commander profiles and accreditation. ▪ Complete review of restricted and non-restricted plans to ensure current and assured/tested. ▪ Impact of Martyn’s Law and other legislation likely to come into effect.
<p>Potential consequence</p>	<ul style="list-style-type: none"> ▪ Inability to meet core policing requirements. ▪ Inability to respond effectively to Major Incidents. ▪ Reduced staffing and service provision. ▪ Inability to deliver services across some or all business areas. ▪ Inability to project accurate resourcing to meet future demand. ▪ Ability to meet mobilisation commitment. ▪ Negative impact on public/partners confidence. ▪ Ineffective business continuity when enacted. ▪ Legal liability to force for expired/non-trained staff deployments ▪ Damaged partnership relationships around interagency working
<p>Summary of Controls</p>	<p>Core Business</p> <ul style="list-style-type: none"> ▪ There is a business continuity plan in place across all area commands and departments with regular testing managed by a qualified BCP manager. ▪ Concept of Operations developed in line with the States of Policing Matrix to support resourcing decisions maintain critical functionality for the force. ▪ Close working with National Police Coordination Centre (NPoCC) and the Regional Information and Coordination Centre to test and exercise mobilisation commitment and provide and request mutual aid as appropriate. ▪ Strategic and tactical JESIP delivery groups working in partnership. Internally a JESIP Assurance Group has been established to oversee the assurance review. Tri-services training restarted (Dec 2025). ▪ Force Coordination and Resilience and twice daily pace setter meetings to align demand and resources. Weekly review of figures is produced incorporating frontline abstraction levels. ▪ Public Order management now has a governance structure in place covering Command, Capacity and Capability, Kit and Equipment, Training and event management. ▪ A Major Incident and Business Continuity Board to ensure appropriate oversight and governance, which includes capacity, capability and readiness, with appropriate reporting and escalation through the Force governance framework with Northumbria Local Resilience Forum (NLRF) in attendance. ▪ Northumbria Police is an invested partner in the NLRF and work closely with the partnership on preparedness for civil emergencies and the testing and excising of the multi-agency response as well as represented on the Strategic Board/Tactical Business Group and all working Groups. ▪ A Testing and Contingencies Team has been established to oversee all restricted/non-restricted plans and testing. This includes multiagency and OBUA, no notice testing and TTX, mirrored within the NLRF team structures.

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	<ul style="list-style-type: none"> ▪ A structure is now in place to write, review and oversee all restricted/ non restricted plans to ensure compliance and assurance, mirrored within the NLRF team structures. ▪ All SX Cadre have received learning packages including major incident training ▪ TL2 profiles aligned to national requirements. 	
	Time-bound	Expected Delivery
	<ul style="list-style-type: none"> ▪ Investment in operational training estate. 	Spring 2027
	<ul style="list-style-type: none"> ▪ Internal and multi-agency Governance structure to deliver on Manchester Arena Inquiry recommendations. 	Summer 2026
	<ul style="list-style-type: none"> ▪ Northumbria Police will lead on recruitment of Trail Blazer NLRF resources and will host the roles once recruited. 	Recruitment expected to be finalised by Summer 2026.
	<ul style="list-style-type: none"> ▪ Full review and consolidation of restricted/non-restricted plans; all to be assured or tested. 	Winter 2026
	<ul style="list-style-type: none"> ▪ Review of POPs kit and replacement of any kit as necessary. 	September 2026
Likelihood	3	9
Impact	3	

(Updated May 2026)

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

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	<ul style="list-style-type: none"> ▪ Partnership governance arrangements and joint partnership plans through Community Safety Partnerships (CSPs) and wider multi-agency arrangements. ▪ Improved requirements are captured as part of procurement processes and business case for procured services. 	
	Time-bound	Expected Delivery
	<ul style="list-style-type: none"> ▪ Clear benefits tracking via the appropriate governance meeting. 	To be determined.
Likelihood	2	8
Impact	4	

I	Strategic Risk Area – Projects/Programmes		
	Risk Appetite	Current/Tolerable	Optimal
		Open	Open
	Risk – Change programmes and projects are not aligned with strategic priorities or do not successfully deliver requirements and intended benefits to time, cost and quality.		
	Context – <ul style="list-style-type: none"> ▪ Significant change programme underway to deliver benefits for both the public and our people requiring investment in new technology, systems, kit and people. 		
Owner(s)	Deputy Chief Constable		
Governance & Oversight	Force Change Board / Strategic Resourcing Board		
Current factors	<ul style="list-style-type: none"> ▪ Increased demand as the force implements Force change projects and programmes. ▪ Lack of skills and/or capacity to fulfil change activities in parallel with business as usual. ▪ Cultural change required to successfully deliver new operating models/ platforms. ▪ Limited ability to deliver, or delays in the delivery of, Force change projects and programmes due to insufficient specialist and/or technical skills. ▪ Increased demand on information and data management due to interdependencies within the Digital Policing Change Programme and new ways of working. ▪ Flexibility to effectively move resources as a result of structural changes 		
Potential consequence	<ul style="list-style-type: none"> ▪ Failure to achieve the business benefits from Force change projects and programmes impacting on performance and delivery of the Force Strategy. 		
Summary of Controls	<p>Core Business</p> <ul style="list-style-type: none"> ▪ A focussed Capacity and Capability Meeting which monitors, coordinates and agrees operational resourcing solutions at tactical level. This provides a platform for early consultation on change to operating models and early understanding of capacity and capability impact. ▪ Completion of impact assessments, where appropriate, as key project activity to determine significant impacts such as changes to structure. ▪ Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business. ▪ Force Change Board to ensure appropriate oversight and governance of change projects and programmes with clear benefits tracking. ▪ Project Approval Group for review of business cases and requirements for potential new digital solutions. 		

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	<ul style="list-style-type: none"> ▪ Planned evaluation. ▪ Critical roles are identified, succession in place and monthly Reward Panel in place to address any additional market conditions / project payments. ▪ A Digital Roadmap is in place to increase engagement with key stakeholders for all change activities required. 	
	Time-bound	Expected Delivery
	There are no time-bound controls.	
Likelihood Impact	2 4	8

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

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Summary of Controls	Core Business	
	<ul style="list-style-type: none"> ▪ Effective governance arrangements, including introduction of a new Trust, Legitimacy and Confidence Board. ▪ Independent advisory groups and Scrutiny Panels for use of powers. ▪ Force Engagement Strategy and plan. ▪ Force wide internal communications to increase awareness of behaviour and standards. ▪ Completion of Equality Impact and Community Tension Assessments. ▪ Dedicated Counter Corruption Unit with appropriate capacity and capability to deliver a full range of covert tactics. ▪ Internal threat awareness through Professional Standards Department risk matrix and abuse of authority problem profile. ▪ Vetting procedures in-line with APP on Vetting. ▪ Identification and review of organisational learning, with oversight by the Force Assurance Board. ▪ Force wide training for all staff. ▪ Continuous Performance & Development Review of staff via performance management frameworks. ▪ Focus on diversity in recruitment, attraction, selection and retention. ▪ Annual Integrity and Vetting Review (AIVR) completed with the workforce. ▪ AIVR affords additional reassurance that disclosures are being made (as shown by an increase in NIAs). 	
	Time-bound	Expected Delivery
	▪ Force VAWG Strategy	To be confirmed.
	▪ Race Action Plan	To be confirmed.
▪ Hate Crime Delivery Plan	To be confirmed.	
	▪ Digital solution in development which will digitise the NIA disclosure and review process.	Expected August 2026
	▪ Risk matrix in development to provide consistency to the decision making. This has been trialled with Functional Leads in March 2026.	To be confirmed.
Likelihood Impact	2 4	8

K	Strategic Risk Area – Regulation & Standards		
	Risk Appetite	Current/Tolerable	Optimal
		Minimalist	Minimalist
	<p>Risk – Standards, conduct and behaviours of the workforce are not in-line with Northumbria Police values and the Code of Ethics.</p> <p>Northumbria Police and/or its staff, fail to operate within the regulatory framework defined by law or by force policy. In doing so, creating risks which may result in harm to individuals, groups or organisations.</p>		
	<p>Context –</p> <ul style="list-style-type: none"> ▪ Litigation, legal action and/or prosecution of the Force and/or individuals by former officers or staff members. ▪ Failure to comply with regulatory frameworks. 		
Owner(s)	Deputy Chief Constable		
Governance & Oversight	Force Assurance Board		
Current factors	<ul style="list-style-type: none"> ▪ Increased scrutiny and challenge on police powers and super complaints. ▪ Significant events impacting on public confidence over last 12 months. ▪ Change in legislation in relation to protest may result in legal challenge. ▪ Increase awareness and reporting of AA4SP could result in legal action against force for failure to prevent. ▪ Ability to demonstrate compliance with relevant ISO standards to maintain accredited status. ▪ Pension remedy delivery. ▪ Firearms Licencing demand due to national statutory guidance. 		
Potential consequence	<ul style="list-style-type: none"> ▪ Litigation, legal action and/or prosecution of the Force and/or individual staff. ▪ Associated costs of dealing with litigation. ▪ Negative impact on the workforce and public confidence. ▪ Failure to comply with relevant Health and Safety regulations. ▪ Suspension or withdrawal of accreditation impacting on service delivery. ▪ Failure to meet statutory obligations in relation to pension administration responsibilities and enforcement action by The Pensions Regulator. ▪ Increased risk of adverse incidents and reputational harm arising from delays in firearms licencing decisions ▪ Non compliance with Northumbria Police values and the Code of Ethics would undermine trust, inclusion and organisational integrity. 		
Summary of Controls	<p>Core Business</p> <ul style="list-style-type: none"> ▪ Central review of all civil claims, with adverse trends and lessons learnt reported and learning shared through Force Assurance Board. 		

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	<ul style="list-style-type: none"> ▪ Recognised accreditation in relevant areas of business. ▪ Health and Safety Management System and provision of health and safety advice. ▪ Investigations and review of health and safety incidents, with lessons learnt reported. ▪ Force policy on mandatory use of Body Worn Video at key incidents/events. ▪ External Scrutiny including panel for use of police powers (Use of Force/Stop & Search) and substantive Independent Scrutiny and Oversight Board. ▪ Force approach to identify and reduce AA4SP. ▪ Oversight and management of ISO standards compliance and accreditation using the Governance and Decision-making structure. ▪ Annual Integrity and Vetting Review completed with the workforce. ▪ Gold Group to provide strategic direction, oversight and governance for the delivery of the Firearms Licencing function, ensuring compliance with statutory requirements. 	
	<p>Time-bound</p>	<p>Expected Delivery</p>
	<ul style="list-style-type: none"> ▪ Establishment of a Gold Group to provide strategic oversight and governance for the delivery of pension remedy obligations, ensuring full compliance with statutory requirements and mitigating implementation risks. External consultancy has been agreed to address the backlog. The Force is exploring options for further external support. 	<p>To be confirmed.</p>
<p>Likelihood Impact</p>	<p style="text-align: center;">3 3</p>	<p style="text-align: center;">9</p>

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

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	<ul style="list-style-type: none"> ▪ Realisation of benefits linked to delivery of Force change projects and programmes. 	
	Time-bound	Expected Delivery
	There are no time-bound controls.	
Likelihood	2	8
Impact	4	

M	Strategic Risk Area – Workforce	
	Risk Appetite	Current/Tolerable
		Cautious
	Optimal	
Open		
<p>Risk – Inability to sustain an effective workforce profile due to reduced attraction, recruitment, and retention, impacting operational resilience and service delivery.</p>		
<p>Context – To attract, retain, and develop a high-performing and engaged workforce, the organisation must:</p> <ul style="list-style-type: none"> ▪ Establish a credible and robust employer brand that reflects our culture, commitment to improvement, and alignment with ethical policing principles. ▪ Foster a leadership-driven environment where positive behaviours are consistently demonstrated, promoting respect, inclusion, and engagement at all levels. ▪ Empower colleagues to challenge inappropriate behaviours confidently and uphold professional standards. ▪ Embed a comprehensive wellbeing approach that prioritises resilience, workload management, and psychological safety to sustain performance. ▪ Implement future-focused workforce models that provide clarity of roles, agility, and long-term vision to support attraction, retention, and capability development. ▪ Develop robust internal talent pipelines to enable progression, nurture skills, and strengthen succession planning. ▪ Ensure recruitment and vetting processes are efficient and rigorous, balancing pace with quality assurance to maintain ethical and professional standards. ▪ Anticipate future skills requirements and invest in continuous professional development to build organisational resilience. 		
Owner(s)	Assistant Chief Officer Corporate Services	
Governance & Oversight	Corporate Services Portfolio Governance Board / Strategic Resourcing Board	
Current factors	<ul style="list-style-type: none"> ▪ Increased candidate availability nationally, but strong competition for specialist and technical skills persists. ▪ Declining vacancy volumes, yet candidates expect competitive pay and clear development opportunities. ▪ Limited insight into workforce performance and inconsistent use of P&DR, reducing engagement and talent optimisation. ▪ Ongoing challenges in achieving diversity ambitions due to restricted applicant pools. ▪ Higher voluntary attrition among female officers compared to male counterparts. ▪ Extended vacancy periods and candidate attrition caused by recruitment delays. ▪ Insufficient capacity in Public Order resources to meet operational demand. 	

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	<ul style="list-style-type: none"> ▪ Impact of UK Supreme Court Human Rights Judgement clarifying biological sex definitions under the Equality Act 2010. ▪ Officer and staff understanding of the use of social media and WhatsApp.
Potential consequence	<ul style="list-style-type: none"> ▪ Failure to secure a diverse and engaged workforce, reducing organisational effectiveness. ▪ Decline in performance standards and service quality, negatively affecting public confidence. ▪ Inability to deliver technical and specialist services, undermining trust and operational resilience. ▪ Compromised investigative standards due to insufficient resources. ▪ Lack of community representation within the workforce, eroding trust and legitimacy. ▪ Delays or inability to deliver strategic change programmes due to shortages in specialist skills. ▪ Loss of talent caused by delays in pre-employment checks and onboarding processes.
Summary of Controls	<p>Core business</p> <ul style="list-style-type: none"> ▪ Engagement with Chief Officers and business leads to ensure clarity of operating models, supported by governance through Strategic Design Authority and Strategic Resourcing Board. ▪ Implementation of a People Strategy underpinned by defined pillars to drive performance, inclusion, and workforce development. ▪ Delivery of a Resourcing Strategy to adopt a holistic approach to workforce planning, addressing design, demand, capacity, and capability. ▪ Strategic Workforce Plan covering immediate resource needs, succession planning, and long-term vision for the next five years. ▪ Modernised pay structures and job evaluation to improve competitiveness and retention, supplemented by targeted investment in technical roles. ▪ Introduction of a total rewards package and governance through a rewards panel to ensure fairness and consistency. ▪ Integration of NPCC Diversity, Equality & Inclusion Strategy into local DE&I plans, supported by positive action initiatives. ▪ Use of external agencies to provide short-term technical capability where required. ▪ Development of frameworks to address retention and attrition, including implementation of the national leavers framework. ▪ Accelerated investigative improvement plan with governance through the Investigative Capability Gold Group. ▪ Tactical Capacity and Capability Meetings to monitor and coordinate operational resourcing solutions. ▪ Recruitment campaigns aligned with vetting capacity, supported by prioritisation processes to reduce delays.

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	<ul style="list-style-type: none"> ▪ Active participation in national and local consultation regarding the UK Supreme Court Human Rights Judgement. 	
	Time-bound	Expected Delivery
	There are no time-bound controls.	
Likelihood	3	9
Impact	3	

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

Overview of the RAG status of Strategic Risk – OPCC

IMPACT

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

OPCC	<p>Strategic Risk – Finance (OPCC)</p> <p>Government reduces funding to PCCs/Police Forces which results in a reduced service ability. The need to contain expenditure within available resources and enable Northumbria Police to police effectively.</p>
	<p>Context -</p> <ul style="list-style-type: none"> ▪ The review of the funding formula used by government to distribute grant funding to police forces in England and Wales may lead to a reduction in the percentage of central government police funding allocated to Northumbria. ▪ The PCC has a robust, balanced Medium-Term Financial Strategy (MTFS) that meets the medium-term financial plans of the Chief Constable and facilitates delivery against the Police and Crime Plan. ▪ The balanced nature is predicated by the risk of Home Office funding being guaranteed for one year only which requires an annual review of the MTFS and potential reprioritisation of spending plans. ▪ The MTFS 2026/27 to 2029/30 includes a savings target for the force of £6.0m and the balanced MTFS is predicated on this being achieved. ▪ Affordability may also be affected by global cost pressures, government policy decisions, and cost of living increases that are not funded within the grant settlement; or changes in national interest rates driving up the cost of borrowing, leading to the necessity for efficiencies or reductions in services. ▪ Reserves policy is crucial to medium-term sustainability. ▪ In-year financial monitoring must be robust.
Owner(s)	Chief Finance Officer – OPCC
Governance and Oversight	Joint Business Meeting/OPCC Business Meeting
Current factors	<ul style="list-style-type: none"> ▪ The Comprehensive Spending Review (CSR) announcement in June 2025 did not provide any clarity on future government funding over the medium term, only high-level estimates of total police funding through to 2028/29, which included CT Policing, top-slice and Council Tax assumptions for which no detail was shared. ▪ The final police funding settlement for 2026/27 was published on 28 January 2026. It is one-year only and provides no information for future years. ▪ The share of additional grant funding for Northumbria Police is £10.871m which represents a funding shortfall against our expectation. ▪ The primary reason for the shortfall is the removal of the specific grant for Uplift Overshoot (additional recruitment to meet national Uplift targets) which represents a loss of £6.1m for 2026/27 and a further loss of £2.5m in future years relating to pay progression.

	<ul style="list-style-type: none"> ▪ Referendum limit for precept increase confirmed at £15.00 per year for a Band D property. The government acknowledged the particular financial challenge faced by a small number of forces including Northumbria Police and approved an exceptional precept referendum limit of £18.50 per year for a Band D property, for those forces only. ▪ Funding of £200 million nationally was provided for the Neighbourhood Policing Guarantee (NPG) in 2025-26. Forces were previously told that this would be Year 1 of the Government’s pledge for a national 13,000 increase in resources to Neighbourhoods. ▪ Funding provided in 2026/27 (Year 2) is only £50 million nationally, allocated to increase the total number of officers and PCSOs assigned to neighbourhood policing by 1,750. Northumbria Police will receive their funding formula share (3.08%) which equates to £1.540m, to deliver 54 posts. This equates to only £29,000 per post. ▪ Police Officer and Police Staff pay awards were agreed for 2025 at 4.2%, which was above the budgeted level of 2.5%. National funding of £120m was made available by the Home Office to compensate forces for the part year impact in 2025/26. The Home Office have stated that the full year impact of the 2025 pay award, and any future year pay awards, will need to be met in full, from within annual settlement allocations, no further in-year additional funding will be available. ▪ At this time, the budget position for 2025/26, financial reserves held and the robust controls detailed below mitigate in the short term the consequence. ▪ There is still an expectation that the review of the Police Allocation Formula (PAF) will be delivered under the new Government however, timescales are yet to be clarified and likely to be addressed as part of the wider police reform measures under the White Paper. ▪ Whilst inflationary rises remain a pressure across non-pay budgets for 2026/27, rates were anticipated to be lower than experienced in recent years. However, current geo-political instability in the Gulf region is now expected to place additional pressure on budgets in 2026/27, particularly across fuel, energy, ICT hardware and construction.
<p>Potential consequence</p>	<ul style="list-style-type: none"> ▪ Short notice change to national funding may require a change in short and medium-term force financial planning, including a need to deliver unplanned savings thereby impacting on service delivery. ▪ Any in-year or longer-term pressures or extraordinary events which become a forecast overspend must be addressed through consideration of in-year savings and efficiencies, potential use of relevant reserves and discussion with the CC.

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Summary of Controls	Core controls	
	<ul style="list-style-type: none"> ▪ Strategic engagement in respect of any proposed review of the funding formula. ▪ Transparent ownership of financial matters between the PCC and CC. ▪ Comprehensive approach using Priority Based Budgeting to identify areas of efficiency and investment, and an annual budget setting process. ▪ Well understood in-year financial monitoring and reporting governance. ▪ Medium- and long-term financial planning. ▪ Regular oversight of revenue and capital budget. ▪ Maintain adequate risk assessed reserves. ▪ Pay Inflation Reserve to mitigate impact of higher pay awards. ▪ Ongoing consultation, engagement and lobbying alongside and independently with the Police and Crime Commissioners Treasurers Society, NPCC Treasurers Group and the Home Office to influence funding for policing in the North East. ▪ Audit Committee/Internal Audit/Treasury Management strategy in place and outcomes reviewed by PCC. ▪ HMICFRS inspection regime. 	
	Time-bound	Expected Delivery
	There are no time-bound controls	
Likelihood Impact	4 4	16

OPCC	<p>Strategic Risk – Governance (OPCC)</p> <p>Existing arrangements for the PCC to carry out robust scrutiny and hold the Chief Constable to account for efficient and effective delivery of the Police and Crime Plan are ineffective or inconsistent.</p>
	<p>Context -</p> <ul style="list-style-type: none"> ▪ Ineffective governance, scrutiny, oversight of services and outcomes delivered and lack of reaction to organisational learning by Northumbria Police. ▪ Need to target resources and priorities towards changing performance/landscapes or community needs. ▪ Chief Constable setting high performance standards. ▪ Chief Constable leading a representative workforce that demonstrates the highest levels of integrity, fairness and respect towards others. ▪ Trust in the transparency of Northumbria Police. ▪ Effective governance includes oversight of complaints against Northumbria Police. ▪ Effective systems and controls to manage risk are needed to support the delivery of service. ▪ A strong relationship between the Office of the Police and Crime Commissioner and Force which is resilient to external factors.
Owner(s)	Chief of Staff and Monitoring Officer
Governance and Oversight	Joint Business Meeting/ Annual Scrutiny Programme/CC/PCC Governance Meeting/ JIAC/Police and Crime Panel/PCC/CC 1:1 Meeting
Current factors	<ul style="list-style-type: none"> ▪ Understanding the governments approach to crime, policing and criminal justice including the review of police accountability and the current police reform programme led by the Home Secretary.
Potential consequence	<ul style="list-style-type: none"> ▪ Loss of public confidence. ▪ Reputational risk. ▪ A decline in quality and service delivery, leading to a reduction in public satisfaction with policing. ▪ Deteriorating performance resulting in policing priorities not being achieved. ▪ Poor relationship with Northumbria Police. ▪ Government intervention. ▪ Challenge by the Police and Crime Panel. ▪ Adverse external inspection reports, leading to recommendations and potential escalation.

<p>Summary of Controls</p>	<p>Core controls</p> <ul style="list-style-type: none"> ▪ Police and Crime Plan (regularly reviewed). ▪ Joint Business Meeting. ▪ Annual Scrutiny Programme. ▪ Provision of the complaints statutory review process. ▪ Public and partnership engagement - External Advisory Panel Framework ▪ PCC and Chief Constable 1:1s. ▪ Police and Crime Panel scrutiny. ▪ Scrutinising force response to HMICFRS inspection findings. ▪ Audit Committee, audit, annual governance statement, Internal Audit. 	
	<p>Time-bound</p> <ul style="list-style-type: none"> ▪ Refresh of the Police and Crime Plan to ensure that policing and crime priorities reflect current local concerns and national policing priorities and the annual scrutiny programme aligns. ▪ Procurement of an Internal Audit provider. ▪ NEW Involvement in national conversations with the Home Office and the Association of Police and Crime Commissioners in respect of police governance reform to help shape legislation. 	<p>Expected Delivery</p> <ul style="list-style-type: none"> ▪ June 2026 – engagement now started. Plan to be developed by October 2026. ▪ March 2026 – now complete ▪ Autumn 2026
<p>Likelihood Impact</p>	<p>1 2</p>	<p>2</p>

OPCC	<p>Strategic Risk – Partnership & Collaboration (OPCC)</p> <p>Reduction in or withdrawal of partnership working for the OPCC leading to a failure to identify, develop and retain collaborative arrangements that support communities with sustainable multi agency responses.</p>
	<p>Context -</p> <ul style="list-style-type: none"> ▪ Challenging budget and service pressures within partner organisations both in public and voluntary sector can lead to silo working. ▪ Potential for national issues and crisis to affect collaborative working. ▪ Requirement to retain engagement of the public as a partner. ▪ Ensuring external factors do not alter relationships preventing joint working. ▪ Clear outcomes not being identified and reported can risk sustainability and ongoing partner engagement. ▪ Uncertainty of long-term sustained resourcing to deliver current public health approach collaboration - Violence Reduction Unit and other joint projects including Victims Service Provision.
Owner(s)	Chief of Staff and Monitoring Officer
Governance and Oversight	Joint Business Meeting/VRU Strategic Board/Local Criminal Justice Board/ASB Strategic Board
Current factors	<ul style="list-style-type: none"> ▪ Home Office announcement of the change in police governance structures with the roles transferring to elected mayors or policing boards by 2028. ▪ Current economic crisis and funding pressures on partners. ▪ Understanding the new governments approach to crime, policing and criminal justice.
Potential consequence	<ul style="list-style-type: none"> ▪ Reduced public confidence. ▪ Reduced opportunities for more efficient and effective services. ▪ Missed opportunities to prevent and reduce crime and disorder and maintain an efficient and effective Criminal Justice System.
Summary of Controls	<p>Core controls</p> <ul style="list-style-type: none"> ▪ Effective partnership/commissioning governance arrangements that identify and report outcomes and progress. ▪ Comprehensive public engagement and communication strategies to inform multi agency responses and effective scrutiny. ▪ Scrutiny of effectiveness of Force collaborative activity. ▪ Focus on accessing funds for collaborative working and lobbying government for sustained funding streams. ▪ VRU Strategic Board and Response Strategy. ▪ PCC chairs Local Criminal Justice Board and ASB Strategic Board. ▪ Collaboration and engagement with other PCCs, nationally and regionally. ▪ Comprehensive engagement and monitoring of commissioned services.

	<ul style="list-style-type: none"> ▪ Regular 'sector' engagement meetings with potential and current partners. 	
	Time-bound	Expected Delivery
	<ul style="list-style-type: none"> ▪ In light of the recent Home Office announcement around PCCs, an assessment of partnership related funding streams will be shared with partners to retain confidence for the future. ▪ Refresh of the Police and Crime Plan to ensure that policing and crime priorities reflect current local concerns and national policing priorities and the annual scrutiny programme aligns. 	<ul style="list-style-type: none"> ▪ April 2026 - complete ▪ June 2026
Likelihood	2	8
Impact	4	

OPCC	<p>Strategic Risk – Public Confidence (OPCC)</p> <p>Loss of public confidence in the PCC resulting from a lack of engagement and communication, leading to a failure to reflect public priorities in the Police and Crime Plan. Failure to hold the Chief Constable to account on behalf of the public for delivery of their priorities or other statutory obligations.</p>
	<p>Context -</p> <ul style="list-style-type: none"> ▪ A robust communications plan is needed to demonstrate effective and visible accountability of the Chief Constable to the PCC. ▪ Delivery of the Police and Crime Plan 2025-2029 alongside understanding and responding to changing community priorities ▪ Engagement with communities, through external advisory panels and the complaints process to respond to trends or concerns identified ensuring organisational learning. ▪ OPCC business must ensure compliance with legal, information management legislation, transparency guidance and the public sector equality duty. ▪ Continue to reassure communities through robust scrutiny of Northumbria Police and engagement with partners and communities.
Owner(s)	Chief of Staff and Monitoring Officer
Governance and Oversight	Joint Business Meeting/Annual Scrutiny Programme
Current factors	<ul style="list-style-type: none"> ▪ PCCs Police and Crime Plan ▪ Home Office announcement of the change in police governance structures with the role transferring to elected mayors or policing boards by 2028. ▪ Role of events in the media and on social media in shaping public perceptions.
Potential consequence	<ul style="list-style-type: none"> ▪ Reputational damage. ▪ Police and Crime Plan and delivery not aligned to public priorities. ▪ Loss of trust/confidence in the PCC as a result of crime perceptions. ▪ Poor service delivery damages public confidence. ▪ Relationship with force and partners. ▪ Government penalties due to poor assessment results.
Summary of Controls	<p>Core controls</p> <ul style="list-style-type: none"> ▪ Police and Crime Plan (regularly updated to reflect emerging priorities). ▪ Annual Scrutiny Programme and quarterly OPCC service confidence in policing report from the PCC to the Chief Constable. ▪ Police and Crime Panel Scrutiny. ▪ Reporting back to the public crime data and on their concerns and progress towards the Police and Crime plan. ▪ External evaluations including impact of the VRU.

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	<ul style="list-style-type: none"> ▪ Rolling programme of PCC engagement across demographics and issue based topics. ▪ Annual Report. ▪ Governance Framework. ▪ Annual Assurance Statement/Audit Committee/Internal Audit. ▪ OPCC website and social media. ▪ Data Protection Officer. ▪ Complaints review process. ▪ Service level agreement with Northumbria Police. ▪ External Advisory Panel Framework. 	
	Time-bound	Expected Delivery
	<ul style="list-style-type: none"> ▪ Inclusion of a commitment in the OPCC Communications and Engagement Strategy 26-27 to reassure communities that Northumbria Police continue to be held to account by the PCC in the context of the announcement made by the Home Office. 	<ul style="list-style-type: none"> ▪ April 2026 - complete
Likelihood	2	8
Impact	4	

Reported portfolio / local risks (April 2026)

- Adoption of New Technology and New Ways of Working.
- Failure to meet the Neighbourhood Policing Guarantee (NPG).
- PIP2 detective numbers for the Force including Graduate Detective Programme (GDP) success rate.
- Review, Retention and Disposal (RRD): physical exhibits and Regulated Products and Materials (RPM) Compliance.
- Increased demand for digital forensics and technology-driven services.
- Niche Records Management System and Multi-Agency Safeguarding Hub (MASH) impact.
- Management of demand within the Firearms Licencing Department.
- Inability to recover service / meet demand due to Integrated Communications Control System (ICCS) contract end date 30 September 2026. New ICCS contract approved but timelines regarding training are a risk for new and current staff.
- Insufficient data capture and quality to provide meaningful performance insight and furnish accurate data returns; with increased data quality issues evident following implementation of Niche.
- Police Reform.
- Suspension of SMS (Short Message Services) surveys as a result of Niche data quality issues.
- Failure to provide reliable talent pipeline into supervisory ranks.
- Failure to deliver core estates projects.
- Failure to deliver reliable data through core people systems, leading to lack of people analytics and insights for organisational planning.
- Supply chain disruption leading to delays in capital programmes, purchasing of critical assets and enabling resources (fuel, uniform etc).
- Inability to deploy staff with appropriate uniform, personal protective equipment (PPE) and equipment to safely fulfil their role.

JOINT INDEPENDENT AUDIT COMMITTEE	15 JUNE 2026
TREASURY MANAGEMENT ANNUAL REPORT 2025/26	
REPORT OF THE JOINT CHIEF FINANCE OFFICER	

1. Purpose of the Report

- 1.1 The report asks the Joint Independent Audit Committee (the Committee) to review the Treasury Management Annual Report 2025/26 as attached at Appendix A and approve it for presentation to the Police and Crime Commissioner (the Commissioner).

2. Recommendation

- 2.1 The Committee is asked to review the Treasury Management Annual Report 2025/26 and approve it for presentation to the Commissioner.

3. Background

- 3.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code) requires the Commissioner to receive a Treasury Management Annual Report on borrowing and investment activity by 30 September each year. This report meets this requirement and informs the Commissioner of Treasury Management activity during 2025/26.

- 3.2 This report covers the period 01 April 2025 to 31 March 2026.

4 Summary

- 4.1 The Treasury Management Annual Report 2025/26 is attached at Appendix A. The key highlights are as follows:

- Investment income was £0.602m higher than the budget, reflecting additional cash and reserve balances available for investment and higher rates achieved.
- Borrowing costs were £1.120m less than the budget estimate, reflecting a lower borrowing requirement for capital financing, and use of reserve balances available for internal borrowing.
- Financial Regulations have been complied with, and all Prudential Indicators were within the limits set for the year within the Treasury Management Strategy.

5. CONSIDERATIONS

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

Treasury Management Annual Report 2025/26

The Strategy for 2025/26

1. The 2025/26 Treasury Management Policy Statement and Strategy was approved by the Joint Independent Audit Committee (JIAC) on 24 February 2025 for presentation to the Police and Crime Commissioner (the Commissioner). The key decision was approved by the Commissioner on 27 March 2025.
2. The formulation of the 2025/26 Treasury Management Strategy involved determining the appropriate borrowing and investment decisions with the prime objective of safeguarding assets and secondary objectives of managing liquidity, obtaining a reasonable rate of return on investments, and minimising the costs of borrowing.
3. The Treasury Management Strategy fully complied with the requirements of The Chartered Institute of Public Finance and Accountancy Code of Practice on Treasury Management and covered the following:
 - Prospects for interest rates.
 - Treasury limits set for prudential indicators.
 - The investment strategy.
 - The borrowing strategy.

Investment Strategy

4. Investments are managed in-house using counterparties listed in an approved lending list consistent with the agreed Treasury Management Strategy. Investments are placed over a range of periods and are dependent on the assessed security of the counterparty, the liquidity requirements of the cash flow, actual interest rates and expectations of movements in interest rates.
5. The expectation for interest rates within the Treasury Management Strategy for 2025/26 anticipated Bank Rate would reduce from 4.75% to 3.75% by the end of 2025/26.
6. The Treasury Management Strategy was to adopt caution in the management of the 2025/26 treasury operations. The interest rate market was monitored to allow the Chief Finance Officer (CFO) to adopt a pragmatic approach to any changing circumstances, having delegated powers to invest and manage the funds of the Commissioner.

Borrowing Strategy

7. The borrowing strategy for 2025/26 was:
 - Consider the use of short-term borrowing as a bridge until capital receipts are received.
 - Consider the use of market loans which are at least 20 basis points below the PWLB target rate, where they become available.
 - Consider, where required, the use of PWLB loans where rates fall below Treasury Advisor, MUFG, trigger rates, with preference given to terms which ensure a balanced profile of debt maturity.
 - Consider the use of reserve and General Fund balances to limit the requirement for new borrowing, reducing investment balances rather than increasing external borrowing in order to minimise interest costs.

- Maintain a flexible strategy in order to allow decisions on borrowing to be taken which balance the refinancing risk associated with an increase in interest rates against any potential short-term savings.
8. The early repayment of debt was not considered to present value for money during 2025/26, as the cost of premiums payable on the early repayment of debt continue to outweigh any potential savings on refinancing.

Treasury Management Compliance with Risk Strategy

9. The primary objective is to ensure the security of funds and minimise risks, including counterparty and interest rate risks. In October 2025 the Internal Audit report on the review of the treasury management function gave the opinion that it was ‘Operating Well’.

Outturn 2025/26 – Performance Measurement

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

External Advisers

11. MUFG (Previously called Link Group) have continued to be used as external treasury management advisers to assist in achieving the objectives set out in the Treasury Policy Statement and Strategy and provide access to specialist skills and resources. The contract with MUFG was renewed on 1 November 2022 following a procurement exercise. This is a two-year contract with options to extend for a further two years up to 31 October 2026.

Investment strategy and control of interest rate risk

12. Investment returns remained robust throughout 2025/26 despite Bank Rate reducing steadily through the course of the financial year (three 0.25% rate cuts in total), and at the end of March the yield curve had turned positive, reflecting inflation concerns emanating from the on-going conflict in the Middle East.
13. Bank Rate reductions of 0.25% occurred in May, August and December, bringing the headline rate down from 4.50% to 3.75%. Two of the Bank Rate cuts occurred in the same month as the Bank of England publishes its Quarterly Monetary Policy Report, therein providing a clarity over the timing of potential future rate cuts.
14. As of early April 2026, market sentiment has been heavily influenced by the Middle East conflict. Commentators anticipate a growing risk of inflation, meaning interest rates will not be cut for some time, and may increase to counteract inflationary pressures arising from steepening energy costs. Growth will also be impacted in many regions of the world. UK GDP is projected by the Office for Budget Responsibility (3 March 2026) to be 1.1% in 2026 before picking up to 1.6% in 2027 and 2028. But the likelihood is that there is downside risk to this forecast given events in the Middle East through March and still on-going.
15. Looking back through 2025/26, investors were able to achieve returns generally in a range of 4.0% - 5% for periods ranging from 1 month to 12 months in the spring of 2025. By the end of March 2026 deposit rates were somewhat volatile, regaining some traction as the Middle East conflict suggested energy driven inflation may lead to higher interest rates than would otherwise have been the case. Where liquidity requirements were not a drain on day-to-day investment choices, extending duration through the use of “laddered investments” paid off.
16. Heading into 2026/27, UK inflation is likely to increase to over 4% in the coming months as oil prices, for example, remain close to \$100 per barrel, over 50% higher than before the Middle East conflict started.

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

Borrowing strategy and control of interest rate risk

18. During 2025/26, the Commissioner maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Commissioner's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as although near-term investment rates were equal to, and sometimes higher than, long-term borrowing costs, the latter are expected to fall back through 2026 and 2027 in the light of economic growth concerns and the eventual dampening of inflation.
19. A cost of carry will generally remain in place during the year on any new long-term borrowing that is not immediately used to finance capital expenditure, as it will cause a temporary increase in cash balances; this would incur a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. The Commissioner sought to avoid taking on long-term borrowing at elevated levels (>5%) and has focused on a policy of internal borrowing.
20. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when the Commissioner may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
21. Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Chief Finance Officer therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:
 - if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
 - if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised.
22. Interest rate forecasts initially suggested gradual reductions in short, medium and longer-term fixed borrowing rates during 2025/26. Bank Rate did reduce to 3.75% as anticipated, but the initial expectation of significant rate reductions across the whole curve did not transpire, primarily because inflation concerns were very elevated in March 2026.
23. At the start of April 2026, the market expected Bank Rate to increase over the coming months to 4% or 4.25%, from 3.75%, whilst all parts of the curve have also risen substantially through March. A significant fall in inflation will be required to underpin any material movement lower in the longer part of the curve.

Investment Performance

24. The main focus for treasury management in 2025/26 has continued to be ensuring the security of investments whilst generating a positive rate of return in an environment of falling Bank Rate. Due to the difference between the cost of borrowing and investment interest, cash balances have continued to be used to temporarily fund the capital programme. This has resulted in continued savings on the cost of borrowing and lower credit risk as the investment portfolio is reduced.
25. A continued use has been made of a range of investment instruments in order to maintain flexibility, spread risk, maximise liquidity and obtain positive interest rates. The use of money market funds, bank accounts, and investment deposits with banking institutions and Local Authorities within the Treasury Strategy counterparty limits, has maintained the security of funds and positive rate of return on investments.

A summary of the year's activity is shown at Appendix 2. The total interest earned in the year was £1.851m (2024/25 £1.873m) with an average interest rate of 4.10% (2024/25 5.11%).

26. The overall return on investments of 4.10% was achieved in 2025/26. This exceeded the backward compounded 30-day SONIA rate of 4.02%. By actively managing our temporary investments, seeking the best rates, and utilising spare capacity in certain accounts we have maximised the interest earned whilst operating within the constraints of the approved Treasury Management Policy.
27. Investment interest earned in 2025/26 reflects an increase of £0.602m against the budget of £1.250m. The Bank of England reduced Bank Rate to 3.750% during 2025/26. The investment interest budget was set based on the MUFG (Treasury Management advisers) forecast as at November 2025 which profiled rates to fall lower, to 3.75% by March 2026. The increase over budget related from the cash balances available for investments above those budgeted and higher rates over budget achieved.

Borrowing Performance

28. The total borrowing at 31 March 2026 was £86.969m, which was within the operational borrowing limit of £155.000m. This is a net increase of £15.000m from the opening balance of £71.969m, represented by new borrowing of £30,000m and repayments of £15.000m. The new borrowing in 2025/26 was a mix of short-term loans to cover short term cashflow needs, and long-term loans to cover unfinanced capital expenditure. The table below sets out new borrowing taken during the year:

Date	Term	Amount	Interest Rate	Sources
01/04/2025	36 days	£5.000m	5.00%	Market Loans
25/05/2025	46 days	£10.000m	4.30%	Market Loans
14/04/2025	2 Year 82 days	£5.000m	4.51%	PWLB
29/10/2025	2 years	£10.000m	4.36%	PWLB
	Total	£30.000m		

29. The use of reserves and cash balances to limit the requirement for new borrowing (internal borrowing) has continued to deliver savings in 2025/26, reducing investment balances rather than increasing external borrowing, in order to minimise interest costs.

30. The average borrowing interest rate during 2025/26 was 3.36% compared to 3.23% in 2024/25. This increase is due to higher rates of the new loans made during 2025/26 attracting rates above some of the long term fixed rate PWLB loans already in place.
31. Of the total borrowing of £86.969m at 31 March 2025, £81.969m was with the Public Works Loans Board (PWLB) and £5.000m was a long-term market loan with Barclays.
32. The overall revenue cost of borrowing in 2025/26 was £2.780m. This was £1.120m less than the budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.
33. The 2025/26 interest budget was based on the expectation of capital expenditure totalling £80.000 million across 2024/25 and 2025/26. Based on the actual outturn position for 2024/25 and provisional outturn for 2025/26, that spend is approximately £32.000m, a reduction of £48.000m. The underspend is therefore substantially attributable to the planned borrowing not being required during the year. In addition, higher reserve balances and the underspend against the revenue budget have delivered a greater capacity for internal borrowing during the year which has further reduced the overall borrowing requirement.

Debt Restructuring and Repayment

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

Summary of Treasury Management performance for the year 2025/26

35. Investment income was £0.602m higher than budgeted reflecting additional cash and reserve balances available for investment.
36. Borrowing costs were £1.120m less than the budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.
37. The Commissioner has continued the use of internal borrowing available through reserve balances and capital receipts.
38. Overall Treasury Management performance against budget for 2025/26 generated a saving of £1.722m as summarised in the following table:

	2025/26 Budget £m	2025/26 Actual £m	2025/26 Variance £m
Borrowing Interest	3.900	2.780	(1.120)
Investment Interest	(1.250)	(1.852)	(0.602)
Net Position	2.650	0.928	(1.722)

Prudential Indicators 2025/26

Authorised Limit* for External Debt		
	2025/26 Reported Indicator £m	2025/26 Maximum YTD £m
Borrowing	175.000	86.969
Other Long-Term Liabilities	0.000	0.000
Total	175.000	86.969

Operational Boundary** for External Debt		
	2025/26 Reported Indicator £m	2025/26 Maximum YTD £m
Borrowing	155.000	86.969
Other Long-Term Liabilities	0.000	0.000
Total	155.000	86.969

Upper Limit on amounts invested beyond 364 days			
	2025/26 Reported Indicator £m	2025/26 Outturn £m	2025/26 Maximum YTD £m
Investments	15.000	0	0

***The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Commissioner does not have the power to borrow above this level. The table below demonstrates that during 2025/26 the Commissioner has maintained gross borrowing within its authorised limit.

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

Investment Activity

Investments maturing during the year		
	2024/25	2025/26
Number of investments made in the previous year, maturing in the reporting year	0	0
Number of investments made in the reporting year, maturing in the reporting year	827	1,143
Total number of investments maturing in the reporting year	827	1,143
Number of investments made in reporting year, maturing in the following year	0	0

Average duration of investments		
	2024/25	2025/26
Average duration of investments (including overnight)	2 days	1 days
Average duration of investments (excluding overnight)	81 days	52 days

Summary of non-specified investments		
	2024/25	2025/26
Non-specified investments:		
Rated non-high		
Approved limit	75%	75%
Maximum level invested	36%	38%
Investments over 364 days		
Approved limit	20%	20%
Maximum level invested	0%	0%

Gross Debt and Capital Financing Requirement (CFR)

Gross Debt and CFR	2025/26 Estimate	2025/26 Outturn
	£m	£m
Borrowing as at 31 March	128.969	86.969
Capital Financing Requirement as at 31 March	154.079	109.190
Amount of Borrowing (over) / under CFR	25.110	22.221

- Total borrowing at 31 March 2026 was lower than the Capital Financing Requirement (CFR) by £22.221m. This represents the extent to which the Commissioner is utilising reserves and cash balances for internal borrowing at the end of the financial year.
- Borrowing at 31 March 2026 was below the original estimate due to an underspend against the capital programme. In addition, forecast short-term temporary borrowing during the year was lower than forecast to an increase in the reserves position against the original MTFS estimate.
- The actual CFR at 31 March 2026 was lower than the original estimate as a result of the underspend against the capital programme for 2025/26.

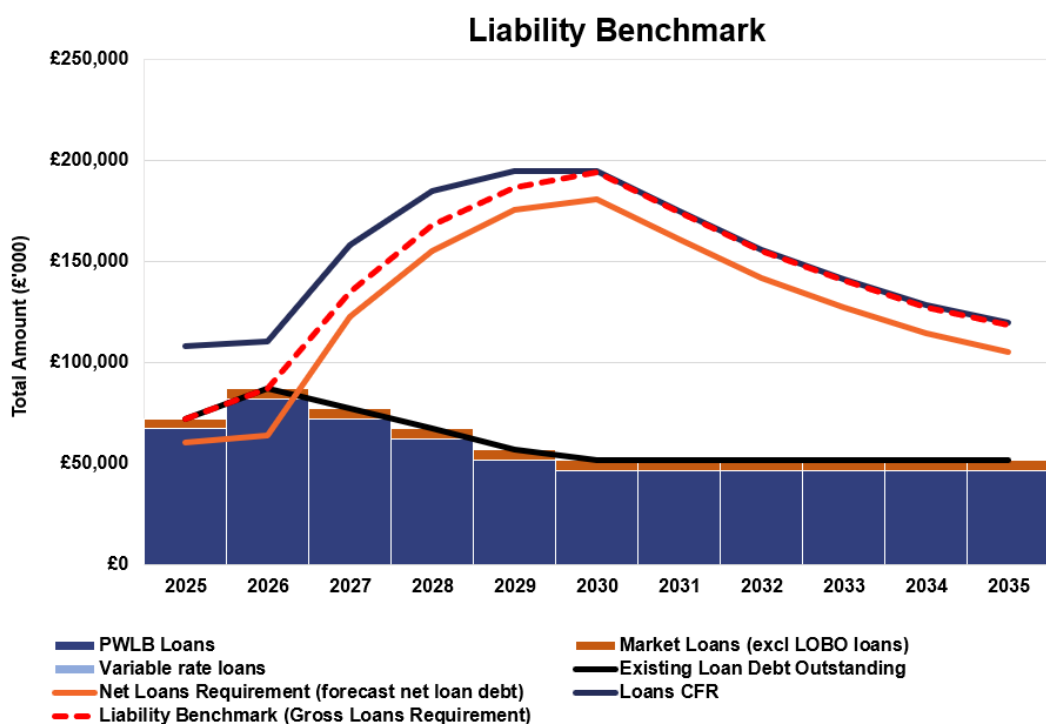
Liability Benchmark

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

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

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

The Liability Benchmark chart is set out below.



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

The Liability Benchmark chart demonstrates a requirement for new borrowing to be taken over the period from the 2026/27 financial year. Whilst the approach to borrowing remains to maximise the use of internal borrowing, the chart demonstrates that the extent to which internal borrowing can be used as a temporary financing tool will reduce over the medium to longer term as reserve balances reduce in-line with budget plans under the Commissioner's Medium Term Financial Strategy (MTFS).

JOINT INDEPENDENT AUDIT COMMITTEE

15 JUNE 2026

SENIOR MANAGERS ASSURANCE STATEMENTS

REPORT OF THE INTERNAL AUDIT MANAGER

1 Purpose of the Report

- 1.1 To inform the Committee of the assurance which the Chief of Staff and Monitoring Officer to the Police and Crime Commissioner (PCC) and Force managers have placed on their control systems to feed into the Annual Governance Statement for 2025/26.

2 Background

- 2.1 The Accounts and Audit Regulations 2015 require Authorities to produce an Annual Governance Statement giving an assessment of governance arrangements and their effectiveness.
- 2.2 The Joint Independent Audit Committee agreed on 23 February 2026 an assurance framework which would provide evidence for the completion of the Annual Governance Statement.
- 2.3 Assurances from managers on the effectiveness of controls they have in place in their departments is fundamental within the assurance framework and forms a key part of the review of the effectiveness of internal control as set out in the Annual Governance Statements for both the PCC and Chief Constable reported elsewhere on today's agenda.
- 2.4 The Chief of Staff and Monitoring Officer, Heads of Departments and Area Commanders were asked to complete self-assessments, which took the form of a questionnaire covering the processes in place to manage their key business risks. They were required to state whether they agreed or disagreed that the processes they had in place provided an effective level of assurance and compliance. There was also a requirement to detail the evidence to support their assessment and highlight any areas of either above or below average performance or outputs.

3 Overall Opinion

- 3.1 All assessments issued have been returned, and all listed satisfactory evidence to support the opinions recorded. There were three partially agreed responses and one disagreement, these are summarised in Appendix A.
- 3.2 All 'partial' and 'no' responses were supported by plans to address the issues highlighted. Additionally, the issues appeared to be isolated to

individual departments and therefore did not suggest any Force wide emerging concerns.

- 3.3 All managers agreed that overall effective controls are in place to allow them to achieve their service objectives and therefore the objectives of the PCC and Chief Constable.
- 3.4 A summary of returns is attached at Appendix A showing each process being assessed.
- 3.5 Internal Audit have an AGS related audit the 2026/27 and may choose to review these returns.

4 Equal Opportunities implications

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

5 Human Rights implications

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

6 Risk Management implications

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

7 Financial implications

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

8 Recommendation

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

Appendix A

Senior Manager Assurance Assessments 2025/26

Area of Assurance	Percentage that Agree / Disagree that Effective Controls are in Place
1. Controls are in place to demonstrate compliance with legal requirements, governance arrangements and corporate policies.	100% (29 out of 29 managers) agreed that the processes they had in place provided an effective level of assurance and compliance.
2. There is effective service planning with resources used to ensure that the Police and Crime Plan and the Chief Constable's Delivery Plan are both fully supported. Plans are reviewed on a regular basis to measure progress against relevant performance targets.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
3. There are effective data quality and performance management processes with accurate and sufficient information generated, which is reported to relevant parties on a timely basis and with appropriate action taken to address performance issues.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
4. Awareness of the requirements of the General Data Protection Regulations (GDPR) and taken steps to ensure compliance. The Area Command / Department have identified its sources and flows of information including rights of access.	97% (28 of the 29 managers) agreed that the processes they had in place provided an effective level of assurance and compliance. One partial return recognised ongoing work to update the Information Asset Registers.
5. There are well defined reporting arrangements to senior management, including a clear reporting structure containing accurate and timely information, to ensure decision making is taken on a sound basis.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
6. Management and staffing structures are clearly defined, responsibilities including job descriptions are clearly established and there is a	93% agreed that the processes they had in place provided an effective level of assurance and compliance.

<p>workforce of adequate competence and number to deliver the service.</p>	<p>The was one 'No' response from the Procurement team, this was in relation to the recent appointment of four new team members (September 2026 start dates), recognising there will be dip in competence levels while they learn their roles.</p> <p>There was also one partial agreement recognising the ongoing work within the Finance team to develop resilience and capacity following concerns highlighted by the external auditor.</p>
<p>7. Standards of conduct within the Area Command / Department are in accordance with written codes and controls are in place to deter, prevent, detect, and therefore reduce the risk, of fraud and corruption (including bribery).</p>	<p>100% agreed that the processes they had in place provided an effective level of assurance and compliance.</p>
<p>8. There are effective financial planning and budgetary control procedures in place. Staff within my Service area involved with financial matters and contracts are familiar with, and comply with, financial procedure and procurement rules as published procedures on the Force Instructional Information System; and are fully aware of their responsibilities when authorising transactions and will be held accountable for their actions.</p>	<p>100% agreed that the processes they had in place provided an effective level of assurance and compliance.</p>
<p>9. The Area Command / Department can demonstrate it has sought value for money in the use of resources.</p>	<p>100% agreed that the processes they had in place provided an effective level of assurance and compliance.</p>
<p>10. Relevant Partnership arrangements are well founded with clearly defined governance arrangements and are adequately monitored for effectiveness.</p>	<p>97% agreed that the processes they had in place provided an effective level of assurance and compliance.</p> <p>One return stated this question was not applicable due to having no partnerships in place.</p>
<p>11. ICT systems used by the Area</p>	<p>97% agreed that the processes they</p>

<p>Command / Department are secure and satisfactory for their purpose and adequate business continuity arrangements are in place.</p>	<p>had in place provided an effective level of assurance and compliance.</p> <p>One return partially agreed; recognising plans to implement improvements to existing processes via SharePoint and DataHub.</p>
<p>12. Recommendations from relevant Inspectorate / audit reports where they relate to your area of responsibility are reviewed and acted upon.</p>	<p>100% agreed that the processes they had in place provided an effective level of assurance and compliance.</p>
<p>13. Decisions are taken with due regard to insurance, health and safety, information governance, community safety and other risk implications.</p>	<p>100% agreed that the processes they had in place provided an effective level of assurance and compliance.</p>
<p>14. There is effective risk management within the Area Commands / Department with adequate identification, control and on-going monitoring and review of service, operational and strategic risks.</p>	<p>100% agreed that the processes they had in place provided an effective level of assurance and compliance.</p>

JOINT INDEPENDENT AUDIT COMMITTEE

15 JUNE 2026

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2025/26

REPORT OF THE INTERNAL AUDIT MANAGER

1 Purpose of the Report

- 1.1 To ask the Committee to review the effectiveness of the system of Internal Audit for 2025/26.

2 Background

- 2.1 The Accounts and Audit Regulations 2015 require all authorities to “conduct an annual review of the effectiveness of its internal control” and for a committee of the body to consider its findings” and that this process should be part of the annual review of the effectiveness of the system of internal control which contributes towards the production of the Annual Governance Statement.
- 2.2 This review should be undertaken prior to the consideration of the Internal Audit Annual Report to allow the opinion of the Audit Manager to be relied upon.
- 2.3 The Joint Chief Finance Officer has delegated responsibility to maintain an adequate internal audit of both the Police and Crime Commissioner and Chief Constable’s financial affairs of both bodies as required by Section 151 of the Local Government Act 1972.
- 2.4 The review of the effectiveness of internal audit for 2025/26 was undertaken with members Joint PCC and Chief Constable Governance Monitoring Control Group, which includes the PCC’s Chief of Staff and Monitoring Officer, the Deputy Chief Constable and the Joint Chief Finance Officer. This review was based upon the following:
- Self-assessment and results of the external assessment against Global Internal Audit Standards (GIAS);
 - Self-assessment against the CIPFA Statement on the Role of the Head of Internal Audit;
 - Assessment of the effectiveness of the Joint Independent Audit Committee; and
 - Relevant local performance information.

3 Assessment against UK Global Internal Audit Standards (GIAS)

- 3.1 The GIAS require an external assessment of internal audit functions to be completed every five years. In compliance with GIAS the Internal Audit Service was assessed against current Internal Audit practices and compliance with professional standards by CIPFA during 2024/25.

- 3.2 The professional standards have four areas as detailed below:
- Definition of Internal Auditing;
 - Code of Ethics;
 - Attribute Standards; and
 - Performance Standards.
- 3.3 The outcome of the assessment was positive and found that the Internal Audit Service 'Generally Conforms' with the standards. A number of minor recommendations were made following the external assessment; none of which a relevant to Northumbria Police.

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

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

5 Reliance Placed Upon Internal Audit by the External Auditor

- 5.1 During 2025/26 External Audit have not relied on the work of Internal Audit in any specific areas.

6 Assessment of the Effectiveness of the Audit Committee

- 6.1 An assessment of the effectiveness of the Joint Independent Audit Committee (JIAC) has been completed. The assessment covered the following areas:
- Purpose & Governance;
 - Functions of the Committee;
 - Membership & Support; and
 - Effectiveness of the Committee.

- 6.2 A review of the assessment was carried out by the Joint Governance Monitoring Group members and found the JIAC to be effective.

- 6.3 Evidence includes the Committee's oversight of risk management, internal audit arrangements, the Statement of Accounts and approval of the Annual Governance Statement.

7 Performance Information

- 7.1 Performance monitoring of the work carried out by the Internal Audit Service provides further assurance that the system of Internal Audit is operating effectively and adding value. During 2025/26 the following key performance indicators are relevant:
- Customer satisfaction questionnaires returned in the year recorded satisfaction at 92%.
 - 100% of draft audit reports were issued within the target of 17 working days following the end of audit fieldwork.

8 Opinion of the Effectiveness of Internal Audit

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

9 Equal Opportunities implications

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

10 Human Rights implications

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

11 Risk Management implications

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

12 Financial implications

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

13 Recommendation

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

Appendix A – 2025/26 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

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

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

Appendix A – 2025/26 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

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		unrestricted access to all people, systems and records within the organisation, subject to restrictions in relation to covert assets (as agreed by JIAC).		externally.
4	The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.	<p>All internal auditors are fully qualified (CCAB, AAT, IIA or equivalent) or are undertaking professional studies.</p> <p>Local performance targets are produced which are reported into the JIAC quarterly.</p> <p>Client questionnaires are circulated with the results incorporated into the HIA's quality control function.</p> <p>The Audit Plan is developed using a risk based approach prior to looking at resource implications.</p> <p>The service has undergone external assessment against GIAS and was assessed as Generally Conforms and all recommendations from the external assessment are being implemented.</p>	<p>HIA ensures that the Internal Audit Service is resourced to be fit for purpose through:</p> <ul style="list-style-type: none"> • Training support to undertake professional qualifications; • On the job and in-house training; • Regular Appraisal & Development reviews and client surveys which are used to identify training and development needs; • Review of job profiles to ensure all staff responsibilities are clearly defined and recognised; and • Internal Audit Development Plan. <p>HIA regularly attends conferences, courses and other networking opportunities keeping up to date with recent audit developments and current best practice in the public sector.</p>	<p>The Internal Audit Service complies with GIAS.</p> <p>Annual planning involves consultation with stakeholders, including senior managers and JIAC members.</p> <p>Client questionnaires are circulated for feedback in relation to Internal Audit's performance. These aim to enhance customer focus.</p> <p>Innovative arrangements to manage skills gaps i.e. Newcastle IT audit arrangement.</p> <p>Where appropriate the Internal Audit Service will work in partnership with other relevant parties.</p>
5	The HIA in a public service organisation must be professionally qualified and suitably experienced.	<p>HIA has 26 years local authority experience and has been CIPFA qualified for 15 years. The HIA has 16 years Internal Audit experience.</p> <p>The core responsibilities of the HIA role are clearly defined in the job profile, the Audit Charter and Financial Regulations.</p>		<p>HIA is CIPFA qualified and takes personal responsibility for continuous professional development (CPD) in accordance with institute requirements.</p> <p>The Internal Audit Section operates according to PSIAS and has been externally assessed as Generally Conforms.</p>

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		HIA has the appropriate experienced and qualified resources (see above) within the audit section to fulfil the audit provision as set out in the Annual Audit plan.		HIA has 26 years' experience in local authority finance.

JIAC - Self-Assessment of Good Practice
Northumbria Police

SELF ASSESSMENT REPORT

Audit committee purpose and governance		Yes	Partly	No	Comments
1	Does the PCC and Chief Constable have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	✓			Yes
2	Does the audit committee report directly to the PCC and Chief Constable?	✓			Yes
3	Has the committee maintained its advisory role by not taking on any decision-making powers?	✓			Yes
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	✓			Yes - to the best of my knowledge
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	✓			Yes - to the best of my knowledge
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	✓			Yes
7	Does the PCC and Chief Constable hold the audit committee to account for its performance at least annually?	✓			Yes - discussion ongoing as to how to evidence this
8	Does the committee publish an annual report in accordance with the 2022 guidance, including:	✓			Yes - to the best of my knowledge
	- compliance with the CIPFA Position Statement 2022	✓			Yes - to the best of my knowledge
	- results of the annual evaluation, development work undertaken and planned improvements	✓			Yes - to the best of my knowledge
	- how it has fulfilled its terms of reference and the key issues escalated in the year?	✓			Yes - to the best of my knowledge. Work is ongoing to map committee's workplan to TOR to evidence this.
Functions of the committee					
9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?	✓			Yes - to the best of my knowledge
	- governance arrangements	✓			Yes - to the best of my knowledge (reliance on audit reports)
	- risk management arrangements	✓			Yes - to the best of my knowledge (reliance on audit reports)
	- internal control arrangements, including:	✓			Yes - to the best of my knowledge
	• financial management	✓			Yes - to the best of my knowledge (reliance on audit reports)
	• value for money	✓			Yes - to the best of my knowledge (reliance on audit reports)
	• ethics and standards	✓			Yes - to the best of my knowledge (reliance on audit reports)
	• counter fraud and corruption	✓			Yes - to the best of my knowledge (reliance on audit reports)
	- annual governance statement	✓			Yes - to the best of my knowledge
	- financial reporting	✓			Yes - to the best of my knowledge
	- assurance framework	✓			Yes - to the best of my knowledge
	- internal audit	✓			Yes - to the best of my knowledge

	- external audit	✓			Yes - to the best of my knowledge
10	Over the last year, has adequate consideration been given to all core areas?	✓			Yes - to the best of my knowledge
11	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	✓			Yes - to the best of my knowledge
12	Has the committee met privately with the external auditors and head of internal audit in the last year?		✓		Met/questioned external auditors as part of JIAC meetings and has the ability to meet with internal audit if required
Membership and support					
13	Has the committee been established in accordance with the 2022 guidance as follows?	✓			
	- separation from the executive	✓			Yes
	- a size that is not unwieldy and avoids use of substitutes	✓			Yes
	- inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation	✓			Yes
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	✓			Yes
15	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	✓			Yes - additional training provided to new committee members
16	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	✓			Yes - requests for additional training raised as necessary by members
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the	✓			Yes
18	Is adequate secretariat and administrative support provided to the committee?	✓			Yes
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	✓			Yes
Effectiveness of the committee					
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	✓			Yes - annual meetings with CFO and Chief of Staff
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	✓			Yes
22	Are meetings effective with a good level of discussion and engagement from all the members?	✓			Yes
23	Has the committee maintained a non-political approach to discussions throughout?	✓			Yes
24	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓			Yes- CC/DCC provide appropriate organisational detail. The committee would value the opportunity to engage with a wider range of risk holders
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?	✓			Yes
26	Do audit committee recommendations have traction with those in leadership roles?	✓			Yes - to the best of my knowledge
27	Has the committee evaluated whether and how it is adding value to the organisation?		✓		Positive verbal feedback received from Chief of Staff and CFO, future actions -maybe formalise this via retrospective review of actions and should
28	Does the committee have an action plan to improve any areas of weakness?		✓		If areas of weakness are identified the Chair/JIAC members will remedy as appropriate, including any training required

29	Has this assessment been undertaken collaboratively with the audit committee members?	✓			Yes
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Completed by: Catherine Winfield
Vice Chair of JIAC for Northumbria Police
Date: 25/5/26

JOINT INDEPENDENT AUDIT COMMITTEE

15 JUNE 2026

INTERNAL AUDIT ANNUAL REPORT – 2025/26

REPORT OF THE INTERNAL AUDIT MANAGER

1 Purpose of the Report

- 1.1 To inform the Committee about work undertaken by the Internal Audit Service during 2025/26 and to give an overall assessment and independent opinion on the effectiveness of both the Police and Crime Commissioner (PCC) and Chief Constable's internal control systems, risk management and governance arrangements to feed into the Annual Governance Statements for 2025/26.

2 Background

- 2.1 The audit plan for 2025/26 set out to meet the requirements of the UK Global Internal Audit Standards (GIAS) in providing a risk-based focus for the deployment of internal audit resources. The requirements of both the PCC and Chief Constable were taken into account when preparing the audit plan.
- 2.2 The audit plan also enables the Joint Chief Finance Officer to fulfil their delegated responsibility to maintain an adequate internal audit of financial affairs as required by Section 151 of the Local Government Act 1972.

3 Performance Management and Quality Assurance

- 3.1 There were 26 planned audits for 2025/26, final reports have been issued for all of these.
- 3.2 The 2025/26 audit plan allocated 2,245 hours to routine audits, and advice and liaison with the Force and OPCC. As of 31 March 2026 104% of the audit plan, in terms of actual audit hours against planned hours was achieved by the Internal Audit Service, against a target of 97.25%.
- 3.3 The Chief Constable has in place a framework of assurance, which includes Internal Audit, but also includes other audits and checks undertaken by employees.
- 3.4 The Internal Audit Service has a Quality Assurance and Improvement Programme in place which appraises:
- The quality of audit work;
 - The quality of supervision;
 - Compliance with GIAS;

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

The work undertaken in 2025/26 was found to be compliant with the above.

- 3.5 The percentage of audits subject to quality review by the Internal Audit Manager varies but will not be less than 20% of all audits. During 2025/26 100% of audits were reviewed by the Internal Audit Manager. An action plan is in place for the continued development of the Internal Audit Service which accommodates any findings from these quality reviews.

4 Main Audit Findings

Overall Assessment & Independent Opinion

- 4.1 Of the 26 final audit reports issued, 18 concluded that systems and procedures in place were operating well and 8 concluded that systems and procedures were operating satisfactorily. A summary of these audits is attached at Appendix A.
- 4.2 The standard conclusions in audit reports are defined as:
- Operating well - where the system in place is effective and no recommendations or only a few best practice recommendations have been raised.
 - Satisfactory - where the system in place works, however there are medium priority recommendations.
 - Significant weakness - where the system in place is flawed and there are one or more high priority recommendations or a large number of medium priority recommendations. Also where little or no action has been taken since the previous audit.
- 4.3 Audit work has been focused on the completion of routine systems based audits. There have been no special investigations during the period under review and therefore no cases of suspected fraud or corruption.
- 4.4 Based on the evidence arising from internal audit activity during 2025/26, including work in progress and managements responses to recommendations, the PCC and Chief Constable's internal control systems and risk management and governance arrangements are considered to be effective.
- 4.5 This overall assessment of the PCC and Chief Constable's internal control environment and governance arrangements by Internal Audit makes up a fundamental element of assurance for the Annual Governance Statement.

5 Equal Opportunities implications

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

6 Human Rights implications

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

7 Risk Management implications

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

8 Financial implications

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

9 Recommendation

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

APPENDIX A

	2025/26 Audit Area	Status	Opinion
	Police & Crime Commissioner		
1	Grant Distribution	Final Report	Operating Well
2	Treasury Management	Final Report	Operating Well
	Chief Constable		
3	DP Information Security	Final Report	Operating Well
4	DP Vulnerability Scanning and Patch Management	Final Report	Operating Well
5	DP IT Resilience (Cloud, Data Centres, Disaster Recovery)	Final Report	Satisfactory
6	DP Asset Management (Hardware, Software, Certificate Management)	Final Report	Satisfactory
7	DP IT Governance - (Information Governance, Risk Management)	Final Report	Operating Well
8	Police Charities Fund	Final Report	Operating Well
9	Asset Management	Final Report	Satisfactory
10	People Services & Development	Final Report	Operating Well
11	Property	Final Report	Satisfactory
12	Programme/Project Management	Final Report	Operating Well
13	Equipment Servicing and Compliance	Final Report	Satisfactory
	Combined Areas		
15	Creditors	Final Report	Operating Well
16	Procurement	Final Report	Satisfactory
17	Payroll & Pensions	Final Report	Satisfactory
18	Main Accounting System	Final Report	Operating Well
19	Budgetary Control	Final Report	Operating Well
20	Employee Claims	Final Report	Operating Well
21	Governance	Final Report	Operating Well
22	Information Governance & Data Security	Final Report	Operating Well
23	Annual Governance Statement - Review of Managers' Assurances	Final Report	Operating Well
24	Risk Management & Business Continuity Arrangements	Final Report	Operating Well
25	VAT	Final Report	Operating Well
26	Complaints	Final Report	Satisfactory
27	Counter Fraud & Corruption Arrangements	Final Report	Operating Well

JOINT INDEPENDENT AUDIT COMMITTEE	15 JUNE 2026
ANNUAL GOVERNANCE - PRIMARY AND THEMATIC ASSURANCE REVIEW – 2025/26	
REPORT OF THE JOINT CHIEF FINANCE OFFICER	

I PURPOSE

- 1.1 Each financial year a review of the effectiveness of the system of internal control is undertaken and Annual Governance Statements (AGS's) are prepared for both the Police and Crime Commissioner (PCC) and the Chief Constable (CC).
- 1.2 The following sets out the internal reviews carried out as part of the Annual Governance Review Framework, as reported to the Joint Independent Audit Committee (JIAC) on 23 February 2026.
- 1.3 The below elements of review have been considered in order to review the overall Governance Framework and propose the draft AGS's.

2 RECOMMENDATION

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

3 BACKGROUND

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

Assurance Framework

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

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

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

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

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

Primary Assurance Framework Elements

3.8 Governance arrangements

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

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

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

3.9 HMICFRS and other external inspectorates

- In addition to the HMICFRS and external inspectorate reports presented at each JIAC meeting an annual review has been undertaken summarising the activities during 2025/26.
- Appendix (ii) provides an overview of these external inspectorates and sets out the robust governance arrangements in place. From the review, although there are some areas for improvement identified, there were no exceptions or risks to delivery identified during the year, for any of the recommendations or areas for improvement reported by HMICFRS, a comment to this effect has been included within the AGS's.

3.10 Risk Management

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

3.11 Performance Management and Data Quality

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

3.12 Legal and regulatory framework

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

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

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

- Assurance has been sought from the Joint Chief Finance Officer (JCFO) to the PCC and CC. A self-assessment of whether best practice financial governance arrangements have been in place during the financial year 2025/26 has been completed by the JCFO for the purposes of the Annual Governance Statement (AGS). In accordance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).
- Appendix (vi) provides an overview of the assurance gained, there were no areas identified to explicitly include within the draft AGS's.

3.14 Views of the External Auditor

- A review was undertaken of the Joint Audit Findings Report (AFR) and the Auditor's Annual Report (AAR) for the 2024/25 financial year, in order to identify any recommendations to be implemented during 2025/26
- Appendix (vii) provides an overview of the assurance gained.
- The Joint Auditors Annual Report (AAR) for 2024/25 identified a significant weakness in relation to capacity within the Finance function which was disclosed in the final AGS's for 2024/25. It is also disclosed in the AGS's for 2025/26 with an update on actions taken.
- The report confirms there are no further issues to report which will have an impact on the Annual Governance Statement for 2025/26.

3.15 CIPFA FM Code Self-Assessment

- The CIPFA Financial Management (FM) Code self-assessment is attached at appendix (viii).
- Included with the assessment is a summary of actions taken against the CIPFA FM review carried out in 2025.
- The overall conclusion from the Financial Management Code self-assessment is Green and there are no matters that require disclosure in the Annual Governance Statement.

3.16 JIAC Regulatory Framework Assurance

- The purpose of the report is to provide assurance relating to the Terms of Reference (ToR) of the JIAC (Regulatory Framework) where members are required to provide appropriate independent assurance to the PCC and CC.
- The full report is included in this pack a at appendix (ix).

Thematic Assurance Framework Elements

3.17 Business Planning

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

3.18 Partnership arrangements and governance

- Assurance is also required in respect of any significant partnership arrangements, as they are key to the delivery of each body's objectives. For each partnership, aims and objectives are agreed at inception to determine that they support the vision and objectives of Northumbria Police and the Office of the Police and Crime Commissioner. Project management arrangements are put in place, with effective processes to enable achievement of these objectives and to effectively deliver against the Police and Crime Plan, and strategic aims of all partners.
- In 2025/26 the internal audit was undertaken for the Force's most significant partnership, the North East Regional Organised Crime Unit (NEROCU) which was assessed as 'Operating Well'.

3.19 Digital Policing Arrangements

- Assurance was sought as to the adequacy and robustness of information systems and information management arrangements, including the Digital Policing (DP) governance arrangements.
- The Joint Governance Group reviewed the annual DP Assurance Report at their meeting on 1 June 2026. The bullets below provide an overview of the assurance provided which includes management, governance, compliance, risk and mitigation.
- The report provides an overall assurance opinion of substantial assurance with ongoing improvement in Digital Policing (DP). It highlights that the function has significantly evolved since 2020 from a reactive and under-invested IT service

into a structured, governed and strategically aligned capability that supports operational policing and the Force's long-term vision.

- A structured transformation programme has driven improvements across people, processes and technology, resulting in a shift to a proactive, service-led operating model. Key developments include embedding a permanent DP organisational structure, separating strategic delivery from operational services, increasing the use of modern platforms such as cloud and automation, and reducing legacy systems and technical debt.
- Governance arrangements are assessed as strong and well established, with clear leadership under the Chief Technology Officer and defined functional areas covering data, architecture, service management and operations. A comprehensive range of governance boards and forums provides regular oversight of performance, risk, investment and delivery, ensuring accountability and alignment with the Digital Policing Plan.
- The control environment is robust, with Digital Policing operating in compliance with legislative and regulatory requirements, including GDPR. Assurance is supported through internal audit activity, structured policy management, data protection processes (including DPIAs), and workforce training and competency frameworks, all of which contribute to a disciplined and compliant operating model.
- Key assurance areas demonstrate improving maturity. Cyber security arrangements include enhanced patching, monitoring and regular penetration testing, alongside strengthened resilience through national monitoring integration. Service continuity is supported by tested disaster recovery and incident management processes, while structured lifecycle management ensures ongoing investment in infrastructure and replacement of unsupported technologies.
- While progress is clear, a number of risks remain, including reliance on legacy systems, cyber threats, workforce retention challenges and dependencies on wider transformation programmes. However, these risks are well understood and actively managed, with mitigation through continued digital investment, strengthened governance, expansion of cloud technologies, workforce planning and the systematic replacement of legacy systems.
- Looking ahead, the focus is on optimising and realising value from the transformed digital environment, including greater use of data, analytics, automation and collaboration tools. Overall, Digital Policing is now a stable, mature and forward-looking function, well positioned to deliver improved operational outcomes, efficiency and productivity, with continued improvement expected as priorities are delivered.

3.20 Fraud, Corruption and Money Laundering

- Fraud and Corruption – a statement was agreed at JGG confirming that there has been no fraud or corruption identified during the year.

- In consideration of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, and Money Laundering Reporting Officer under the Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005) - there were no cases identified or reported during the year.

3.21 Wellbeing

- Summary of Wellbeing Assurance to be added following Joint Governance Group.

4. FINDINGS

- 4.1 The significant governance weakness reported in the Auditors Annual Report 2024/25 was included in the AGS for that year and an update is provided in the 2025/26 AGS's.
- 4.2 No further areas of non-compliance have been identified and therefore need to be disclosed in the 2025/26 AGS's.

5. CONSIDERATIONS

Freedom of Information	<i>Non-exempt</i>
Consultation	Yes
Resource	No
There are no additional financial considerations arising from this report.	
Equality	No
There are no equality implications arising from the content of this report.	
Legal	No
There are no legal considerations arising from the content of this report.	
Risk	No
There are no additional risk management implications directly arising from this report.	
Communication	Yes
To be reported to the PCC and CC in-line with the Accounts and Audit Regulations 2015	
Evaluation	No

OTHER THEMATIC SOURCES OF ASSURANCE**GOVERNANCE ARRANGEMENTS****REPORT OF: HEAD OF CORPORATE HUB****I Overview of Area of Assurance**

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

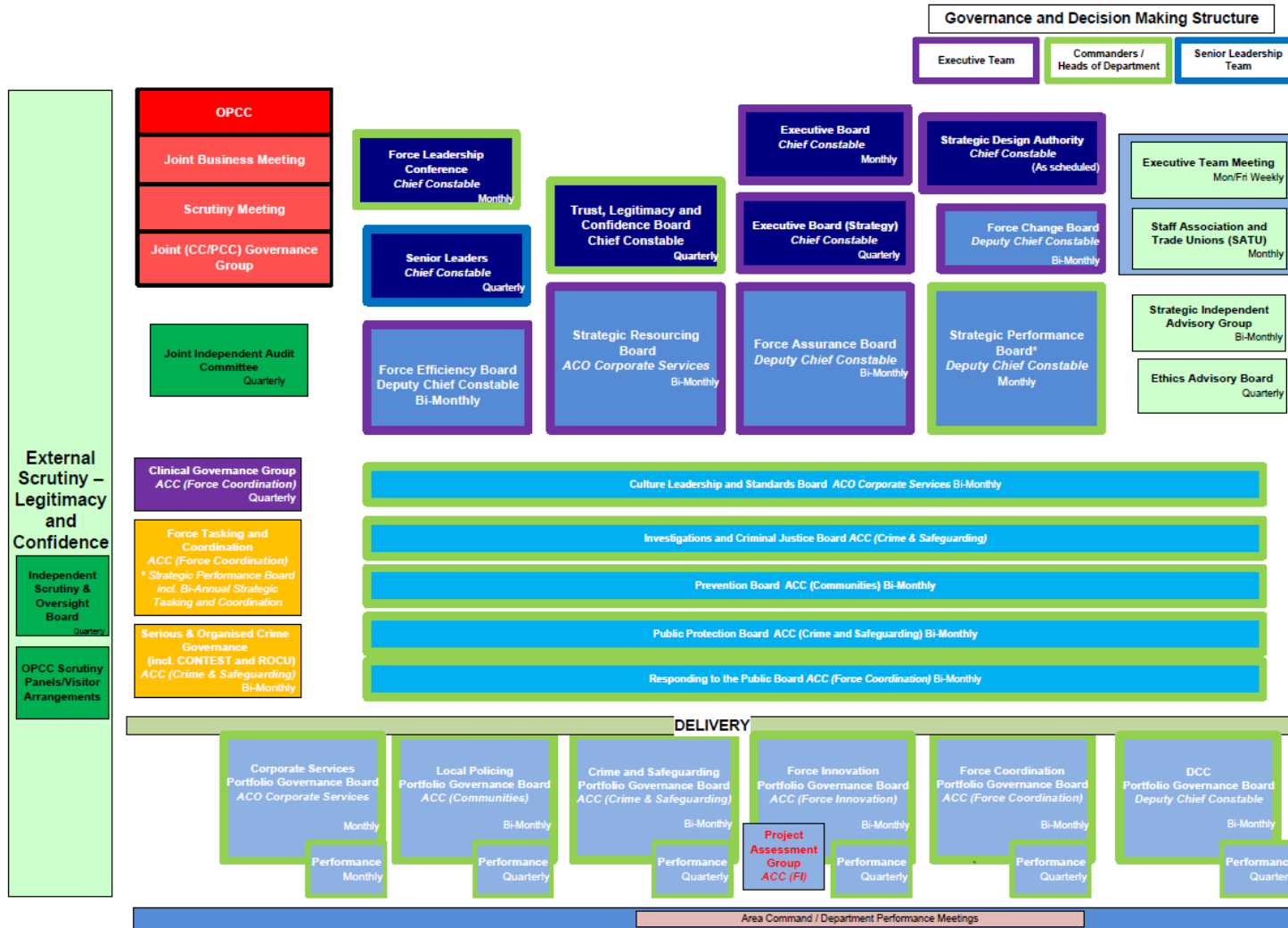
2 Governance and Decision-Making Structure

- 2.1 There are a range of boards and meetings to manage Force business, which have been subject to recent review. The Force's governance and decision-making structure is outlined in Annex A. There are defined key governance and stewardship arrangements in place for all meetings, with agreed terms of reference and frequency of meetings. Agenda notices and papers are circulated at least three working days before each meeting. All reports follow an agreed standard and there are templates to ensure consistency and all implications are considered. A Chief Officer or lead is identified as Chair, with agreed membership for all meetings. Minutes, or Notes, Action and Decision Sheets, are published to all members, with minutes of the Executive Board published externally on the Force's website.
- 2.2 **Executive Board** sets the direction of the Force by providing strategic leadership to ensure the achievement of the Force Strategy and delivery of the Northumbria Police vision, purpose and objectives having regard to the police and crime plan issued by the Northumbria Police and Crime Commissioner. This Board approves and monitors the Force's Medium Term Financial Plan, including future capital requirements; provides overall strategic direction for approved programmes; and ensures there is effective management of strategic risk.
- 2.3 The role of **Diversity, Equality and Inclusion Board** has been subsumed with a new **Trust, Legitimacy and Confidence Board** to provide strategic governance and oversight to drive improvements in public trust and confidence in policing; it is aligned with the College of Policing's Evidence-Based Guidelines for Improving Trust and Confidence.

- 2.4 **Strategic Performance Board** provides corporate oversight of performance and achievement of business delivery with membership at Chief Officer and Force Leadership level. This Board considers the Force Control Strategy and Strategic Tasking and Coordination bi-annually.
- 2.5 **Strategic Resourcing Board** oversees the delivery of the Forcewide Resourcing Strategy and plans across five areas: Demand, Design, Supply, Capacity and Capability. Additionally, the board will monitor the delivery of the estates, fleet and sustainability strategies.
- 2.6 The **Strategic Design Authority** identifies and directs corporate change programmes and supporting programmes of work, ensuring alignment with the Force Strategy and delivery of the Northumbria Police vision, purpose and objectives.
- 2.7 The **Force Change Board** identifies and directs corporate change programmes and projects to support the achievement of the Transformation Strategy, determining time and resource parameters. This Board oversees benefits realisation and evaluation of corporate programmes and projects, ensuring continuous improvement and shared learning are embedded in the organisation and risks to delivery are managed and identified.
- 2.8 **Force Assurance Board** ensures the Force learns and develops, has effective business assurance and audit processes in place to identify areas for improvement or risk, and govern the response, ensuring compliance with our legislative responsibilities is upheld.
- 2.9 **Portfolio Governance Boards** ensure the highest practicable levels of efficiency, effectiveness and accountability in portfolio areas including several corporate areas of business, including risk management, organisational learning and Force policy and procedure.
- 2.10 **Clinical Governance Group** provides quality assurance for first aid training and support to Northumbria Police on medical matters. This is informed and supported by an independent external partner who also contributes to continuous promotion of best practice.
- 2.11 **Serious and Organised Crime Governance Group** continues to deliver strategic governance of the response to Serious and Organised Crime across Northumbria to ensure efficient and effective activity is delivered by the police and wider partnerships.
- 2.12 **Culture and Leadership and Standards Board** drives people performance, behaviours, and activities to deliver our strategic priorities in relation to culture, public service and sustainability through effective leadership. It ensures Northumbria Police continually builds, develops and looks after its workforce, encouraging an ethical, lawful and inclusive workplace.
- 2.13 **Prevention Board** ensures the focus on prevention is delivered by preventing and deterring crime, anti-social behaviour (ASB) and disorder through targeted crime prevention activity, collaborative problem solving, effective partnership working and management of offenders at a Force, community and neighbourhood level including managing persons who are known to present a significant risk of harm to others.

- 2.14 **Public Protection Board** has replaced the **Protecting Vulnerable People Board** ensures we protect vulnerable victims, pursue priority offenders and identify opportunities for early intervention and prevention by maximising an effective coordinated partnership response, cognisant of diverse needs and vulnerabilities, to both support victims and tackle perpetrators.
- 2.15 **Responding to the Public**
- 2.16 Further consultation and advice is available from the Ethics Advisory Board, Executive Team Meeting, Senior Leaders' Event, Staff Association and Trade Union (SATU) meeting and Strategic Independent Advisory Group.
- 2.17 The Force benefits from a range of external scrutiny groups, which support the Force to act legitimately: treating people with fairness and respect and ensuring we act ethically and lawfully to build public trust and confidence. This includes an Independent Scrutiny and Oversight Board.
- 2.18 As part of the 2025/26 Audit Plan, approved by the Joint Independent Audit Committee, the audit of Governance Arrangements assessed the adequacy of current controls in operation to ensure that governance arrangements are effective and fit for purpose and in line with recommended practice, including the seven core principles detailed in CIPFA Code of Good Governance.
- 2.19 The audit found control systems are operating well and no findings have been raised.
- 2.20 Three new Boards have been introduced after the year end:
- **Force Efficiency Board** will provide central strategic oversight to drive organisational efficiency, value for money, and continuous improvement across the Force. This Board will coordinate existing governance, align efficiency activity to the Force vision, and ensure improvement activity is prioritised, delivered, and benefits are realised and embedded.
 - **Investigations and Criminal Justice Board** will ensure the highest practicable levels of efficiency, effectiveness and accountability focusing on the delivery of outstanding investigations and support to victims; ensuring collaboration and coordination with partners.
 - **Responding to the Public Board** will build on an evidence-based understanding of demand, grading, culture, response, and allocation to deliver clear, actionable recommendations to improve efficiency, victim satisfaction, and resource optimisation.

Annex A – Force Governance and Decision-Making Structure



OTHER THEMATIC SOURCES OF ASSURANCE**HMICFRS AND OTHER EXTERNAL INSPECTIONS****REPORT OF: HEAD OF CORPORATE HUB****I Overview of Area of Assurance**

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

2 Summary of Assurance

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

- 2.7 The HMICFRS Monitoring Portal is used by HMICFRS to monitor forces' response to findings raised through inspection activities. It includes causes of concern and recommendations made to police forces by HMICFRS and AFIs.
- 2.8 All outstanding recommendations in response to eight reports (Annex B) have been finalised during the year.
- 2.9 At the end of 7 April 2026 there were 40 open recommendations – Level 2 (24) and Level 3 (16) and 16 AFIs (Level 3) on the monitoring portal subject to ongoing Force activity (see Annex A for a list of associated reports).
- 2.10 Recommendations and AFIs which have continued beyond the expected delivery date are subject of additional oversight at the Force Assurance Board; three of the recommendations remain reliant on a national process or product.
- 2.11 During the year, HMCIC and the Interim Service Police Complaints Commissioner assessed one super-complaint as being eligible to be investigated. Terms of reference and purpose of this investigation have been published which are to determine if the features of policing that the Centre for Military Justice has alleged are, or appear to be, significantly harming the interests of the public. One further super complaint was received from the Centre for Women's Justice regarding the length of police investigations into sexual offences. (See Annex C for a list of publications.)
- 2.12 The Force position against all recommendations made in response to super complaints is provided to the relevant National Police Chiefs' Council lead with responsibility for providing the national police response to the super complaint team within HMICFRS.

Annex A – HMICFRS Inspection Reports

- A joint thematic inspection of the police and Crown Prosecution Service’s response to rape – Phase one: From report to police or CPS decision to take no further action (published 16 July 2021)
- Police response to violence against women and girls – Final inspection report (published 17 September 2021)
- PEEL 2021/22 – An inspection of Northumbria Police (published 22 September 2022)
- An inspection of vetting, misconduct, and misogyny in the police service (published 2 November 2022)
- PEEL Spotlight - Police performance: Getting a grip (published 7 July 2023)
- An inspection of how effective police forces are in the deployment of firearms (published 11 July 2023)
- A report into the effectiveness of vetting arrangements in Northumbria Police (published 21 September 2023)
- An inspection of the effectiveness of the police and law enforcement bodies’ response to group-based child sexual exploitation in England and Wales (published 8 December 2023)
- National Crime Agency inspection – Vetting and anti-corruption part 2: How effective is the National Crime Agency at dealing with corruption (published 30 April 2024)
- Progress to introduce a national operating model for rape and other serious sexual offences investigations (published 22 August 2024)
- An inspection into activism and impartiality in policing (published 10 September 2024)
- The policing response to antisocial behaviour: PEEL spotlight report (published 10 October 2024)
- PEEL 2023/25 – An inspection of Northumbria Police (published 14 May 2025)
- Improving the response to organised immigration crime (published 16 May 2025)
- Joint Case building by the police and Crown Prosecution Service: final report (published 10 July 2025)
- PEEL Spotlight: How effectively do police record crime? (published 28 August 2025)
- The effectiveness of diverting children from the criminal justice system: meeting the needs, ensuring safety, and preventing reoffending (published 15 October 2025)

- Inspection of the effectiveness of the police and law enforcement bodies' response to group-based child sexual exploitation: A progress report (published 24 October 2025)

Annex B – HMICFRS Inspection Reports Finalised

- A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders (published 17 November 2021)
- An inspection into how well the police and other agencies use digital forensics in their investigations (published 1 December 2022)
- An inspection of the north-east regional response to serious and organised crime (published 7 December 2022)
- An inspection of how well the police and National Crime Agency tackle the online sexual abuse and exploitation of children (published 5 April 2023)
- Homicide prevention: An inspection of the police contribution to the prevention of homicide (published 11 August 2023)
- Race and policing: An inspection of race disparity in police criminal justice decision-making (published 25 August 2023)
- Meeting the needs of victims in the criminal justice system (published 19 December 2023)
- An inspection into how effectively the police investigate crime (published 27 March 2025)

Annex C – Super Complaints

- Super-complaint on Service Police access to victims' work emails and internet browser history (published 31 October 2025)
- Terms of reference: super-complaint on the Service Police's access to victims' work emails and internet browser history (published 10 March 2026)
- Super-complaint about the length of police investigations into sexual offences (published 29 January 2026)

RISK MANAGEMENT ARRANGEMENTS – ANNUAL REPORT**REPORT OF: HEAD OF CORPORATE HUB****I Overview of Area of Assurance**

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

2 Summary of Assurance

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

Overview

- 2.6 The JSRR continues to report on thirteen thematic risk areas, capturing the strategic risk(s) faced:
- A. Digital Policing
 - B. Finance
 - C. Governance
 - D. Information and Data Management
 - E. Information and Data Quality
 - F. Infrastructure & Assets
 - G. Operational Policing

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

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

- 2.7 Five areas are assessed as high risk: Digital Policing; Finance; Information and Data Management; Operational; and Workforce.
- 2.8 As part of the Force's annual review of risk, the Northumbria Police Risk Appetite Statement, which sets out the amount of risk the Force is prepared to accept, tolerate, or be exposed to at any point in time for each of the thematic areas was reviewed.
- 2.9 The current risk position i.e. the risk level at which the Force was currently operating was assessed as being within the Tolerable risk position in all areas; however, Information and Data Management is currently operating above the Force's optimal (Minimalist) risk position. As a result, additional controls are in place to ensure the Force has mitigated as far as possible the risk, and this area is subject to additional management to drive activity.
- 2.10 In most areas, Digital Policing, Finance, Infrastructure and Assets, Operational, Projects/Programmes, Public Confidence, Regulation and Standards and Strategy, the Force is now operating in its optimal risk position.
- 2.11 As part of the 2025/26 Audit Plan, approved by the Joint Independent Audit Committee, the audit of Risk Management and Business Continuity assessed the adequacy of controls in operation to ensure a policy and procedural framework exists for risk management and that there is a clear understanding of risk and that roles and responsibilities, relating to risks, are clearly defined and understood.
- 2.12 The audit found control systems are operating well and no findings have been raised.

OTHER THEMATIC SOURCES OF ASSURANCE**PERFORMANCE MANAGEMENT AND DATA QUALITY – ANNUAL REPORT****REPORT OF: HEAD OF CORPORATE HUB****I Overview of Area of Assurance**

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

2 Summary of AssurancePerformance Management

- 2.1 The Strategic Performance Board, chaired by the Deputy Chief Constable, is the force's primary meeting to drive and manage performance and achievement of force priorities, supporting delivery of the Police and Crime Plan. The Strategic Performance Board is part of the Force's governance and decision-making structure and is supported by a number of thematic boards and Portfolio Governance Boards – chaired by a member of the Executive Team.
- 2.2 Performance is considered against the force priorities and the Police and Crime Plan and is presented using a Balanced Scorecard, which includes:
- **Service** – Build trust and confidence by providing the right response to the public, investigating crime and tackling ASB effectively
 - **Prevention** – Work in partnership to help safeguard the community, improve people's lives and protect the most vulnerable
 - **Culture** – Ensure Northumbria Police is a great place to work by creating a supportive and inclusive culture, enabling high performing teams
 - **Innovation** – Encourage new thinking and innovative problem-solving to deliver policing priorities
 - **Sustainability** – Deliver a sustainable, resilient and collaborative organisation that is future-focused, and maximises value for the public
- 2.3 Performance is considered in a number of ways, for example:
- Performance compared to previous years, most recent 3 months and most recent month.
 - Performance compared to agreed service standards.
 - Performance compared to peers (most similar family of forces or nationally).
 - Performance trend over time (typically a rolling 24 months).
 - Performance measured against key national crime and policing priorities.
- 2.4 A Scrutiny meeting is held by the Police and Crime Commissioner. These meetings provide the opportunity to monitor progress against the Police and Crime Plan, as

AGENDA ITEM 11.d.
APPENDIX iv.

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

- 2.5 As part of the Audit Plan, approved by the Joint Independent Audit Committee, the audit of performance management was carried as part of the audit plan for 2024/25, completed by the Gateshead Internal Audit Team. The audit found systems and controls are operating well and no findings were raised.
- 2.6 As part of the force's 2030 Programme, the force has developed and implemented a business intelligence system. This system increases the accessibility and quality of meaningful and timely business and operational intelligence, supporting the ambition to transform the Force into a data-driven organisation. A wide range of applications have been developed, including a new application specifically for managing data quality.
- 2.7 In February 2026, the force implemented a new records management system, NicheRMS. This is expected to materially enhance operational processes, supporting improved public protection, service delivery, and data quality within records management. Providing access to richer and more comprehensive data, NicheRMS is expected to strengthen performance management, enabling broader insight and enhanced monitoring capability.

Information Management

- 2.8 The force has an established Information Management Department (IMD) recognising the statutory requirement and underpinning business need for this provision. The unit has a range of responsibilities for both the force and the OPCC, primarily relating to data protection, information security and records management; this also extends to other key responsibilities for statutory functions such as subject access, freedom of information, family proceedings, the Disclosure and Barring service and the PNC Bureau.
- 2.9 The Data Programme Board (DPB) is established to provide strategic oversight, governance and direction for Northumbria Police data initiatives. Including the coordination and delivery of significant data related projects, programmes and workstreams across the force.
- 2.10 IMD also has responsibility for a number of other information management related functions, including:
- Records Management
 - Information Systems Audit
 - Records Review Team
 - Information Security
- 2.11 The demand and expectations on information management both within the organisation and also externally from regulatory bodies and partner agencies has grown significantly in response to achieving compliance, and also professionalising and

formalising business processes. Information management is acknowledged as a core component of operational delivery across the force.

- 2.12 In parallel to the core operational delivery of the information management service, there is work ongoing to embed information management services within the force's transformational change programmes. This extends to both technology and business change programmes operating within the 2030 Programme, and also locally at department/area command level.
- 2.13 There is significant investment in information technology to ensure there is the capability and capacity to maintain existing technology, and implement new technology, which forms part of the 2030 Programme. This includes consideration of resource to manage and maintain appropriate levels of data quality where the focus is on local electronic systems which significantly contribute to national data systems such as the PNC and the PND. The force is also considering the impact of the implementation of NicheRMS in respect of data quality and assessment is being undertaken to consider whether there are any implications which require additional focus and resource.
- 2.14 The force is part of a national programme being rolled out to improve the quality and reduce effort required to produce the Annual Data Return (submission of data to the Home Office). The programme uses a system called National Data Quality Improvement Service (NDQIS) which is an established data quality tool provided by Datactics. This is initially focused on knife crime data returns but will expand to include stalking, domestic abuse and online crime.
- 2.15 Information Commissioner's Office (ICO) undertook audits in 2020 and latterly in 2023 to determine the extent to which the Force is complying with data protection legislation. The scope of the audit was:
- Data protection governance and accountability
 - Staff data protection training and awareness
 - Security of personal data
 - Requests for personal data and data portability
 - Information sharing
 - Records management
 - Data Protection Impact Assessments and information risk management
 - Data Breaches and Management
- 2.16 An action plan was developed in response to the findings of the audit and this has now been accepted and closed by the ICO, where progress was recognised.
- 2.17 The later audit focussed on the force's Breach Management approach and associated policy, procedures and supportive documentation. The Force was commended by the ICO on its holistic approach, and in particular the risk assessment process and the inception of additional bespoke training packages for all staff. The audit found control systems are satisfactory with two recommendations identified. Both recommendations have been addressed as part of an action plan. The objectives of the audit were to ensure:

AGENDA ITEM 11.d.
APPENDIX iv.

- Satisfactory progress is being made towards the completion of the Information Commissioners Office's recommendations.
 - Effective GDPR training has been rolled out to all employees.
 - There are satisfactory controls in place to manage compliance with the Data Protection Act.
 - There are adequate arrangements in place for secure storage, transport and maintenance of accurate and up-to-date data.
- 2.18 An audit of Information Governance and Data Security was completed as part of the 2024/25 Audit Plan. The audit found control systems are operating well.
- 2.19 The force has assessed current levels of data maturity to be sufficient to deliver the core information required to understand and effectively manage organisational performance. An initial assessment conducted using the Police Digital Service Data Maturity Model was completed in March 2024 and refreshed in January 2026. The overall assessment rated the force at a maturity level of 'Proactive' for most areas, scoring higher in Risk, Organisation and Policies at a 'Managed' level. There is an intention to transition to the universally recognised structure of the CMMI Data Maturity Model, however the PDS Data Maturity Model has provided policing relevance and provided valuable insights into current and target states, aligned to the National Policing Data Strategy.

JOINT INDEPENDENT AUDIT COMMITTEE	15 JUNE 2026
PRIMARY ASSURANCE FRAMEWORK ELEMENT – GOVERNANCE ARRANGEMENTS (LEGAL AND REGULATORY SERVICES)	
REPORT OF: CHIEF OF STAFF AND MONITORING OFFICER AND JOINT CHIEF FINANCE OFFICER	

1. Purpose

- 1.1 To obtain assurance that there were no governance issues arising during 2025/26 in relation to Legal and Regulatory services.

2. Background

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

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

- 2.2 Legal and regulatory assurance can be demonstrated by:

- Establishment of a Joint PCC/CC Governance Group which meets four times per year, at which during 2025/26 any governance or legal issues arising from the previous meetings are discussed and appropriate action taken.
- Compliance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).
- Compliance with The Elected Local Policing Bodies (Specified Information) Order 2021. This order sets out information that PCCs are required to publish on their website to allow the public to hold them to account.
- The establishment of a ‘*Governance Framework*’ including general principals of delegation, Financial Regulations, and Contract Regulations.
- Establishment of organisational policies and procedures in-line with legal and regulatory guidance. Publicised and maintained on the Force Instructional Information System (IIS).
- Assurance obtained from the Head of Legal Services that there are no legal issues arising during 2025/26 which the PCC and CC are not aware of or disclosed as part of the annual statement of accounts as a provision or contingent liability.

3. Findings

- 3.1 Based on the above procedures and assurances there are no issues to report which will have an impact on the Annual Governance Statements for 2025/26.

4. Considerations

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

JOINT INDEPENDENT AUDIT COMMITTEE	15 JUNE 2026
PRIMARY ASSURANCE FRAMEWORK ELEMENT	
FINANCIAL CONTROL – AN ASSESSMENT OF THE ROLE OF THE CFO IN ACCORDANCE WITH BEST PRACTICE	
REPORT OF: GAIL THOMPSON, JOINT CHIEF FINANCE OFFICER	

1. Purpose

- 1.1. A self-assessment of whether best practice financial governance arrangements have been in place during the financial year 2025/26 has been completed by the Joint Chief Finance Officer for the purposes of the Annual Governance Statement (AGS). The assessment has been carried out in accordance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).

2. Background

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

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

3. Findings

- 3.1. Where under existing arrangements a joint CFO has been appointed the reasons should be explained in the organisations AGS, together with an explanation of how this arrangement delivers the same impact. As in previous years this has been reviewed and included within the 2025/26 AGS.
 - The PCC for Northumbria and the CC agreed to appoint a joint CFO for both organisations with effect from 29 March 2013. The reasoning was that a joint CFO role would provide both the PCC and CC with an efficient, effective, economic and better coordinated finance lead. The joint role is subject to the requirements, standards and controls as set out in the CIPFA Statement.
 - The joint arrangement has now been in place for thirteen full financial years. A detailed self-assessment to the Statement has been completed which provides evidence to conclude that the joint role complies with the five principles under the CIPFA Statement.
- 3.2. No areas of non-compliance have been identified for disclosure in the AGS.

Appendix A

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

OFFICIAL

AGENDA ITEM 11.d.
APPENDIX vi.

OFFICIAL

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
Principle 1			
The Chief Finance Officer of the PCC and CC is a key member of the Leadership Team,			
Governance Requirements			
I.1	Ensure that a clear Statement is set out on the respective roles and responsibilities of the Leadership Team and its members individually.	See the Governance Framework published on OPCC website	Y
I.12	Contributing to change programmes including identifying service efficiencies and value for money opportunities.	CFO or delegated staff are key elements of such workgroups. In particular the CFO is a key member of executive board who make decisions around change programmes	Y
I.13	Leading development of medium term financial strategies and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery.	Financial Regulation 5 sets out the financial planning processes and responsibilities. Four year MTFs prepared and published along with the detailed year 1 estimated revenue and capital budgets each year. Latest reports March 2026.	Y
I.14	Ensuring that there are sound medium and long term financial plans for both revenue and capital to support the development of PCC and CC plans and strategies and that these are subject to regular review to confirm the continuing relevance of assumptions used.		Y
I.15	Ensuring that advice is provided on the levels of reserves and balances in line with good practice guidance 6. (PCC CFO responsibility in consultation with the CC CFO)		Y
I.16	Ensuring compliance with relevant CIPFA Codes including the Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code. (PCC CFO responsibility in consultation with the CC CFO)	See Financial Regulation 5.2 and 8 See MTFs, Capital Strategy, Reserves Strategy Statement and budget report (March 2026). Plus JIAC TM Strategy and Policy (March 2026).	Y
I.17	Ensuring that budget calculations are robust and reserves adequate, as required by s25 of the Local Government Act 2003, and in line with CIPFA guidance. (PCC CFO responsibility in consultation with the CC CFO)		Y
I.18	Ensuring the medium term financial strategy reflects joint planning with partners and other stakeholders.	Financial Regulations 5.3 and 5.7. Four year MTFs prepared and published along with the detailed year 1 estimated revenue and capital budgets each year. Latest reports March 2026.	Y
Personal skills and professional standards			
I.19	Role model, energetic, determined, positive, robust and resilient leadership, able to inspire confidence and respect, and exemplify high standards of conduct.	Personal Development Review process, Annual Integrity and Vetting Review, Career Conversations and Competency and Values Framework Assessments.	Y
I.20	Adopt a leadership style, able to move through visioning to implementation and collaboration/consultation to challenge as appropriate.		Y
I.21	Build robust relationships both internally and externally.		Y
I.22	Work effectively with other Leadership Team members with political awareness and sensitivity.		Y
I.23	Support collective ownership of strategy, risks and delivery.		Y
I.24	Address and deal effectively with difficult situations.		Y
I.25	Implement best practice in change management and leadership.		Y
I.26	Balance conflicting pressures and needs, including short and longer term trade-offs.		Y
I.27	Demonstrate strong commitment to innovation and performance improvement.		Y
I.28	Maintain an appropriate balance between the deeper financial aspects of the CFO Role and the need to develop and retain a broader focus on the environment and stakeholder expectations and needs.		Y
I.29	Comply with the IFAC Code of Ethics for Professional Accountants, as implemented by local regulations and accountancy bodies, as well as other ethical standards that are applicable to them by reason of their professional status. The fundamental principles set out in the Code are integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. Impartiality is a further fundamental requirement of those operating in the public services.		Y

OFFICIAL

AGENDA ITEM 11.d.
APPENDIX vi.

OFFICIAL

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
Principle 2			
The CFO must be actively involved in, and able to bring influence to bear on, all			
Governance Requirements			
2.1	Ensure that a medium term business and financial planning process is established to deliver PCC strategic objectives, including: <ul style="list-style-type: none"> – A medium term financial strategy to ensure sustainable finances. – A robust annual budget process that ensures financial balance. – A monitoring process that enables this to be delivered. 	Budget preparation plan; timetable; MTFS 2026/27-2029/30	Y
2.2	Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used.	Budget preparation process. Engagement with CFO national network and regional board representation. Financial monitoring and reporting procedures in-year. Regular finance updates and discussion at PCC Finance meeting and Force Executive Board.	Y
2.3	Ensure that professional advice on matters that have financial implications is available and recorded well in advance of decision making and used appropriately.	Pay, Tax, Treasury Management and other advice taken as required. Examples available.	Y
2.4	Ensuring that budget calculations are robust and reserves adequate, in line with CIPFA's guidance and s25 of the Local Government Act 2003.(PCC CFO responsibility in consultation with the CC CFO).	See MTFS and budget report (March 2026).	Y
2.5	Ensure that those making decisions are provided with information that is fit for the purpose, relevant, timely and gives clear explanations of financial issues and their implications.	All Executive Reports contain a Financial Impact section; Specific Finance reports; Monthly Revenue budget monitoring reports and quarterly Group Revenue and Capital reports; JIAC reports etc.	Y
2.6	Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the PCC meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.	Specific Purpose Finance reports; Monthly Revenue budget monitoring etc. taken to OPCC meetings. Quarterly Group Revenue and Capital monitoring reports taken to the Joint Business Meeting.	Y
2.7	Ensure that the PCC and CC maintain a prudential financial framework; keep commitments in balance with available resources; monitor income and expenditure levels to ensure that this balance is maintained and take corrective action when necessary.	Monthly Revenue budget monitoring etc. taken to OPCC meetings. Quarterly Group Revenue and Capital monitoring reports taken to the Joint Business Meeting. Monthly Treasury Management monitoring to CFO; Annual TM Policy and Strategy, Mid-year TM report, and Annual TM Report to the PCC.	Y
2.8	Ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code. (PCC CFO responsibility in consultation with the CC CFO).	Financial Regulation 5.20 and 15. See MTFS and budget report, and JIAC TM Policy and Strategy report (Both March 2025).	Y
2.9	Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnerships arrangements, outsourcing or where the authority is acting in an enabling role.	Contained within the annual Internal Audit plan. Examined by External Auditor through annual audit processes, AAR and ARR.	Y
2.10	Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance.	Regular revenue and capital monitoring reports brought to PCC and CC meetings.	Y
Core CFO responsibilities			
Responsibility for financial strategy:			
2.11	a) Ensuring that a financial framework is agreed and delivery is planned against the defined strategic and operational criteria. b) Maintaining a long term financial strategy to underpin PCC and CC financial viability within the agreed performance framework. c) Ensuring that commercial and collaborated opportunities are appraised and advising on financial targets and successful delivery. d) Ensuring that an effective resource allocation model is developed and maintained to deliver business priorities.	See MTFS and budget report (March 2026).	Y
2.12	Ensure financial management policies underpin sustainable long-term financial health and reviewing performance against them.	Financial Regulations.	Y
2.13	Taking a leading role on asset and balance sheet management.	Yes, including Forward balance sheet as part of Treasury Management planning and strategy preparation. TM Prudential Indicators monitored throughout the year including the new requirement for Debt Liability Benchmark prudential indicator.	Y

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
Influencing decision making			
2.15	Ensuring that opportunities and risks are fully considered and decisions are aligned with the overall financial strategy.	Financial Regulations 9. MTFFS report March 2026. A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Commissioner's financial position are identified. This is included in the annual MTFFS report published on the OPCC website.	Y
2.16	Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.		Y
2.17	Ensuring that efficient arrangements are in place and sufficient resources available to provide accurate, complete and timely advice to support strategy development.	PCC and CC Board meetings agenda and minutes - See key decisions on PCC website.	Y
2.18	Ensuring that clear, timely, accurate information is provided as requested by the Police and Crime Panel.	PCP agendas and minutes PCC Budget and Precept Report February 2026	Y
2.19	Ensuring that all necessary information is provided to the PCC when the Police and Crime Panel considers the budget and proposed precept. (PCC CFO responsibility in consultation with the CC CFO)		Y
2.20	Ensuring that capital projects are chosen after evaluating a fully costed business case complied with input from all relevant professional disciplines and can be funded in the financial strategy.	Financial Regulations 7. MTFFS, Capital Strategy, TM Strategy, Reserves Strategy March 2025.	Y
2.21	Checking, at an early stage, that innovative financial approaches comply with regulatory requirements.	CFO would pick up such approaches at senior meetings and would preview and review with Finance team. Regular direct meetings with both CC and PCC.	Y
Financial information for decision makers			
2.22	Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions.	Revenue and Capital Monitoring reports to PCC and CC.	Y
2.23	Ensuring that timely management accounts are prepared.	Monthly Monitoring timetable.	Y
2.24	Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.	Example: The partnership arrangement with the North-East Regional Organised Crime Unit (NEROCU), collaboration between the three Forces of Northumbria, Cleveland and Durham, is subject to a formal section 22a agreement and governance arrangements which ensure it is monitored regularly throughout the year. The CFO attends the Joint Committee meetings under the governance arrangements and regular finance reports are presented to both the Management Board and Joint Committee. Dedicated Note to the Financial Statements for both the Chief Constable and the Commissioner/Group which covers the collaboration arrangements as a Joint Operation and financial performance for the year.	Y
Personal skills and professional standards			
2.25	Take all reasonable steps to ensure that: <ul style="list-style-type: none"> – Budgets are planned as an integral part of strategic and operational management and are aligned with a structure of managerial responsibilities. – Responsibilities for budget management and control are unambiguously allocated, that commitments are properly authorised, and that budgets are related to clear objectives and outputs. – Accounting and financial information systems make available, at the relevant time to all users the appropriate information for their responsibilities and for the objectives of the PCC and CC. 	Coding structure aligns with responsibilities. with the move to a 6 AC structure there was a full review and realignment of cost centres structures to better serve the new model. Business Information Packs for revenue budget holders are available which include Power BI dashboards and access to analysis and trend data to provide comprehensive financial performance information for budget managers. within 2025/26 this was also rolled out for Capital reporting.	Y
	– Budgets are constructed on the basis of reliable data of past performance and rigorous assessments of future resources and commitments, and that policies and priorities are evaluated in an open, consistent and thorough manner.	See budget preparation working papers, Where relevant the timeframes and budget plans are outlined in reports for example in the Annual Report	Y
2.26	Ensure that other appropriate management, business and strategic planning techniques are	Priority Based Budgeting (PBB) introduced in 2024 and applied annually	Y

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
2.27	Link financial strategy and overall strategy (PCC CFO in consultation with the CC CFO).	Personal Development Review.	Y
2.28	Demonstrate a willingness to take and stick to difficult decisions – even under pressure.	Personal Development Review.	Y
2.29	Take ownership of the assessment of relevant financial risks.	Personal Development Review. MTFS and Budget Reports - Risk Assessment Annual Statement on the robustness of budget estimates and appropriate levels of reserves.	Y
2.30	Network effectively to ensure awareness of all material business decisions to which CFO input may be necessary.	Personal Development Review. PACCTS and NPCC engagement, CIPFA engagement, CIPFA AFEP/CFO Events participation	Y
2.31	Role model, persuasive and concise communication with a wide range of audiences internally and externally.	Personal Development Review.	Y
2.32	Provide clear, authoritative and impartial professional advice and objective financial analysis and interpretation of complex situations.	Personal Development Review.	Y
2.33	Apply relevant statutory, regulatory and professional standards both personal and organisational.	Personal Development Review.	Y
2.34	Demonstrate a strong desire to think innovatively and to add value.	Personal Development Review.	Y
2.35	Challenge effectively, and give and receive constructive feedback.	Personal Development Review.	Y
2.36	Operate with sensitivity in a political environment.	Personal Development Review.	Y
Principle 3			
The CFO must lead and encourage the promotion and delivery of good financial Governance Requirements			
3.1	a) Make the CFO responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records and accounts, and for maintaining an effective system of financial control. b) Ensure that systems and processes for financial administration, financial control and protection of resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice. c) Ensure that there is in place effective and appropriate internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes. Ensuring that these controls are an integral part of the underlying framework of corporate governance and that they are reflected in its local code.	Financial and contract regulations set out the responsibilities. Outcomes of Internal Audit Reports evidence performance External Audit AFR and AAR provide further evidence of performance.	Y
3.2	Address the arrangements for financial and internal control and for managing non-operational risk in Annual Governance Statements.	Joint PCC/CC Governance group, review and recommendation of the AGS's by JIAC.	Y
3.3	Ensure that annual accounts are published on a timely basis in accordance with professional and regulatory requirements in order to communicate activities and achievements, its financial position and performance.	See Statement of Accounts timetable. 2024/25 Accounts were signed off by the external auditor in March 2026. This did not meet the statutory backstop deadline in place to deal with the backlog in public sector external audits and a temporary notice was placed on the force/OPCC websites for the period in March up to the point of completion. Whilst the sign off meeting took place with the CC and PCC on 27 February as planned, later in the day the external auditor identified an additional data requirement that had not previously been requested, which could not reasonably be completed and reviewed by close of play that day. Accounts for 2025/26 are on-track to be published by the statutory deadline of 30 June 2026. This is the third year that the accounts will be audited by EY and interim work has already commenced.	Y
3.4	Ensure an effective internal audit function is resourced and maintained or where this is provided externally, the contractor is able to deliver the same standards.	Internal Audit provision under agreement with Gateshead MBC. Annual report on the effectiveness of Internal Audit presented at JIAC. New internal auditor from 1 April 2026 - RSM.	Y
3.5	Develop and maintain an effective Audit Committee.	Joint Independent Audit Committee agenda and minutes. Annual report by the Chair of the JIAC.	Y

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
3.6	Ensure, together with the leadership team, that the PCC and CC make best use of resources and that taxpayers and/or service users receive value for money.	Auditors Annual Report (AAR) and VFM report from external audit cover this in detail	Y
3.7	Ensure that appropriate financial competencies are embedded in key person specifications and appraisals.	Yes. See job descriptions. The force undertook a full job evaluation process for all roles across the force which was implemented during the 2022/23 financial year. All role profiles were reviewed and updated as part of that process, with consultation carried out with all staff on their individual role profile, key duties and responsibilities etc. and reviewed by senior management.	Y
3.8	Ensure the financial skills required by managers are assessed and developed to enable their roles to be carried out effectively.	There is no formal assessment framework in place. However all budget managers are provided with an introductory meeting when they first start to familiarise themselves with their budgets. Finance team members continue to support the budget managers with all budget related matters. Finance Master Classes available for budget and senior managers.	Y
3.9	Ensure that roles and responsibilities for monitoring financial performance/budget management are clear, that they have adequate access to financial skills, and are provided with appropriate financial training on an on-going basis to help them discharge their responsibilities.	Finance Lead (Partnerships, Projects and Capital Programme) - is a new role created in Finance which will lead on the provision of Financial Business Partnering to Heads of Department to implement and drive the principles of good financial governance and the improvement of Financial Acumen across the Force and OPCC. Finance training sessions have been delivered to all Senior Leadership Teams (SLTs) in Force during the 2025/26 financial year.	Y
Core CFO responsibilities			
Promotion of financial management			
3.10	Assessing financial management style and advising as to changes which may be needed to ensure it aligns with the PCC's strategic direction.	Personal Development Review process, Annual Integrity and Vetting Review, Career Conversations and Competency and Values Framework Assessments. CIPFA FM Review has been completed and work has been undertaken through 2025/26 to review, develop an action plan and where appropriate implement recommendations.	Y
3.11	Actively promoting financial literacy.	All budget managers are provided with an introductory meeting when they first start to familiarise themselves with their budgets. Finance team members continue to support the budget managers with all budget related matters after then. Business packs for Heads of Department provided monthly. As part of the 2020/21 business planning process it was agreed to enhance the senior level finance structure to create a new team dedicated to financial business partnering and to improve financial acumen and financial information available to budget managers. Full Departmental Business Planning was re-introduced during 2020 and continued in 2021, with senior level financial support provided to all Departments to ensure awareness of any financial implications of proposals and efficiencies. Priority Based Budgeting (PBB) was introduced in 2024/25 and all HofD and Area Commanders were provided with Review Manager Support by CDD and Finance Support from the Senior Finance Lead to develop their business planning/PBB proposals, and support them through the PBB process. There is also a continuous Financial Improvement Project in place, a key part of which is to simplify financial tasks and ensure managers are trained and equipped to carry out necessary tasks. As previously referenced the budget manager information packs were rolled out for revenue budget holders and in 2025/26 this was further extended to include Capital budget holders. Finance modules were delivered in 2024/25 as input into Level 5 'Developing to Senior Leaders' programme. Treasury Management training presented to JIAC members. CIPFA AFEP membership subscription has provided significant enhanced opportunity for training courses for both Finance professionals and the wider department. Finance Master Classes available for budget and senior managers. Finance Lead (Partnerships, Projects and Capital Programme) - is a new role created in Finance which will lead on the provision of Financial Business Partnering to Heads of Department to implement and drive the principles of good financial governance and the improvement of Financial Acumen across the Force and OPCC. Finance training sessions have been delivered to all Senior Leadership Teams (SLTs) in Force during the 2025/26	Y

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
3.12	Assisting the development of a protocol which clearly sets out the roles and responsibilities for financial management, including delegated authority/powers.	See Financial Regulations and Contract Standing Orders.	Y
Value for money			
3.13	Challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with financial implications are notified to and as appropriate, for non-operational aspects, signed off by the finance function.	Financial implications required to be considered by CFO in all proposals.	Y
3.14	Ensuring that appropriate asset management and procurement strategies are developed and maintained.	Security of assets and procurement strategies are maintained. Records of assets, replacement dates, leases and valuations are all held and used to create the Statement of Accounts. The Head of Procurement is suitably qualified and reports directly to the CFO. Internal Audit annually for Asset Management.	Y
3.15	Taking a leading role on the identification of value for money opportunities.	CFO is a key member of the leadership team for both the OPCC and Chief Constable and takes a lead role in providing professional advice on delivering value for money. The CFO receives and responds to the annual Joint AAR and VFM report issued by the external auditor.	Y
Safeguarding public money			
3.16	Applying strong internal controls in all areas of financial management, risk management and asset control.	See Financial Regulations and Contract Standing Orders.	Y
3.17	Explain the financial management arrangements within the Annual Governance Statement.	See the AGS(s).	Y
3.18	Establishing budgets, financial targets and performance indicators to help assess delivery.	See MTFs and Budget Report (March 2026).	Y
3.19	Ensuring that effective systems of internal control are implemented, these may include financial regulations, contract regulations, standing financial instructions, operating manuals, and compliance with codes of practice to secure probity.	Management and Internal Audit review. Work of Internal Audit. Annual Governance - Primary and Thematic Assurance Review - Review of the Effectiveness of Internal Audit and Internal Audit Annual Report.	Y
3.20	Ensuring that the PCC and CC have put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice.	Internal Audit plan / reviewed by JIAC. Annual Governance - Primary and Thematic Assurance Review - Review of the Effectiveness of Internal Audit and Internal Audit Annual Report.	Y
3.21	Ensuring that delegated financial authorities are respected.	Yes	Y
3.22	Promoting arrangements to identify and manage business risks (except for operational responsibilities of the Chief Constable), including safeguarding assets, risk mitigation and insurance.	Risk register, risk review reports and insurance policies.	Y
3.23	Ensure that capital projects are managed with post completion reviews.	Procedures for capital project management are reviewed in-line with the requirements to publish a Capital Strategy. Capital Strategy 2026/27 – 2029/30, published March 2026.	Y
3.24	Securing the application of appropriate discipline in financial management, including managing cash and banking, treasury management, debt and cash flow, with appropriate segregation of duties.	Structures employed, staff skills and checked by internal audit. Treasury Management Procedures (TMPs) are documented and reviewed annually by internal audit. Monthly TM reports include commentary and assurance regarding both compliance and performance, and also detailed cash flow forecasts which are updated daily and reviewed monthly by the Head of Finance. Treasury Management Strategy and Policy published March 2025. Annual and Mid-Year TM Reports. Advice from external Treasury Advisors Link Group. Scrutiny of TM reports by JIAC.	Y
3.25	Ensuring the effective management of cash flows, borrowings and investments of funds including those on behalf of others; ensuring the effective management of associated risks; pursuing optimum performance or return consistent with those risks. (PCC CFO responsibility in consultation with the CC CFO).	Treasury Management function resides with the Northumbria Police Finance Department. Daily cash flow management and monthly reporting with Head of Finance and CFO. Treasury Management Procedures (TMPs) are documented and reviewed annually by internal audit. Monthly TM reports include commentary and assurance regarding both compliance and performance, and also detailed cash flow forecasts which are updated daily and reviewed monthly by the Head of Finance. Treasury Management Strategy and Policy published March 2026. Annual and Mid-Year TM Reports. Advice from external Treasury Advisors Link Group. Scrutiny of TM reports by JIAC.	Y
3.26	Ensuring that appropriate measures exist to prevent and detect fraud and corruption.	Internal Audit, internal controls, whistle blowing, code of ethics, separation of duties, delegation under Financial and Contract Regulations.	Y
3.27	Ensuring that proportionate business continuity arrangements are established for financial processes and information.	Business continuity plan in place and suitable insurance cover exists.	Y
3.28	Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.	NEROCU Partnership is relevant to this and a proper governance framework is agreed and operated. S22a collaboration agreement in place setting out governance arrangements and NEROCU arrangements are included	Y

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
Assurance and scrutiny			
3.29	Ensuring that financial performance of the PCC and CC and its partnerships is reported to the PCC and CC and other parties as required.	Regular budget monitoring reporting and finance monitoring support provided.	Y
3.30	Ensuring that financial and performance information presented to members of the public, the community and the media covering resources, financial strategy, service plans, targets and performance, is accurate, clear, relevant, robust and objective. Apart from operational matters which are the responsibility of the Chief Constable.	Quality control and peer review of any information published.	Y
3.31	Supporting and advising the Audit Committee.	Agenda and minutes from the JJAC.	Y
3.32	Ensuring that clear, timely, accurate advice is provided on what considerations can legitimately influence decisions on the allocation of resources, and what cannot.	Notes of meetings, minutes and reports.	Y
3.33	Ensuring that published budgets, annual accounts and consolidation data for government level consolidated accounts are prepared.	Budgets are published, MTFs published, completion of the Whole of Government Accounts included within the Statement of Accounts completion timetable. Government returns such as RA, RO, QRO, CPR, Police Pension Scheme Returns etc. are signed off by CFO, copies available.	Y
3.34	Ensuring that the financial Statements are prepared on a timely basis, meet the requirements of the law, financial reporting standards and professional standards as reflected in the Code of Practice on Local Authority Accounting in the United Kingdom developed by the CIPFA/LASAAC Joint Committee.	See Statement of Accounts completion timetable. Work of External Audit, Joint Audit Findings Report, Audit Opinion, Auditors Annual Report and VFM Report.	Y
3.35	Certifying the annual Statement of Accounts (PCC CFO and CC CFO for their separate accounts) and the group accounts (PCC CFO).	Certified by the CFO - see Statement of Accounts	Y
3.36	Ensuring that arrangements are in place so that other accounts and grant claims (including those where the PCC is the accountable body for community led projects) meet the requirements of the law and of other partner organisations and meet the relevant terms and conditions of schemes.	Claims for grants such as MOJ Victims Services Grant, Uplift Grant, VRU, Serious Violence etc are completed and available. Grants are reviewed annually by external audit and evidence provided regarding grant agreements. Grant information is published in the PCC Statements of Account each year in the relevant specific Notes to the Accounts.	Y
3.37	Liaising with the internal and external auditor.	Annual Internal Audit plan ; Regular liaison meetings held with the external auditors - see diary entries.	Y
Personal skills and professional standards			
In order to fulfil the aims of this Principle:			
3.39	CFOs should take all reasonable steps to ensure that:		
	– Effective systems and procedures operate to monitor progress against budgets and their objectives at regular intervals, and that appropriate reporting mechanisms are in place.	Budget monitoring process.	Y
	– That payments, including taxation, are made on time, accurately and in accordance with legal requirements.	Reconciliations and management review. Treasury Management cash payment monitoring, payroll and pensions BACS process email to decision makers prior to payment to confirm completed.	Y
	– Cash is handled with special care to avoid loss, particularly loss through theft and secure arrangements are in place to deal with the handling of electronic or other cash-less transactions.	Financial Regulations and management control. Work of Internal Audit.	Y
	– The accounting and financial information systems provide an accessible, complete, comprehensive, consistent and accurate record of financial transactions.	Management and system control. Systems accountants. Work of Internal Audit and External Audit.	Y
	– All financial reports are relevant, reliable and consistent, are compatible with the accounting and financial information systems available, at the relevant time to all users, the appropriate information for their responsibilities and for the objectives of the PCC and CC.	Management and system control. Systems accountants. Work of Internal and External Audit.	Y
	– Within the specific legislative framework, systems exist to secure the efficient and effective management of taxes, in particular to ensure that tax liabilities and obligations are properly reported and accounted for.	VAT, CIS, NI, Income tax and Apprenticeship Levy monitored and claims and payment deadlines diarised.	Y
	– Treasury management is carried out in accordance with CIPFA's treasury management code and that effective treasury management arrangements are in place. (PCC CFO in consultation with the CC CFO).	Treasury Management function resides with the Northumbria Police Finance Department. Daily cash flow management and monthly reporting with Head of Finance and CFO. Treasury Management Procedures (TMPs) are documented and reviewed annually by internal audit. Monthly TM reports include commentary and assurance regarding both compliance and performance, and also detailed cash flow forecasts which are updated daily and reviewed monthly by the Head of Finance. Treasury Management Strategy and Policy published March 2026. Annual and Mid-Year TM Reports. Advice from external Treasury Advisors Link Group. Scrutiny of TM reports	Y

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
3.40	Generate 'buy-in' to, and support delivery of, good financial management.	High profile finance function and personal support.	Y
3.41	Assist in the promotion, and development of sustainable partnerships, and engage effectively in collaboration.	Collaboration and Partnership Strategy, May 2017. CFO is Finance Lead for the region - on NEROCU Joint Committee for significant collaboration with Durham and Cleveland aimed at tackling Serious and Organised Crime.	Y
3.42	Deploy effective facilitation and meeting skills.	Personal Development Review process, Annual Integrity and Vetting Review, Career Conversations and Competency and Values Framework Assessments. CFO is Chair of Pension Board and Joint Governance Group	Y
3.43	Build and demonstrate commitment to continuous improvement and innovative, but risk-aware, solutions.	Weekly meetings with Head of Finance and Head of Procurement. Support and guidance to the Finance Improvement Programme and HRIT replacement programme. Membership of key delivery Boards	Y
3.44	Place stewardship and probity as the bedrock for management of PCC and CC finances.	Financial regulations and ethics.	Y
Principle 4			
The CFO must lead and direct, (as explained in this principle), a finance function that is			
Governance Requirements			
4.1	Ensure that the finance function has the resources, expertise and systems necessary to perform its role effectively.	Staffing and resource structure, day to day management and Personal Development Reviews.	Y
4.2	Ensure that the role and responsibilities of the CFO, are suitably outlined and documented.	Job Specification. Role profile reviewed as part of the forcewide job evaluation programme.	Y
Core CFO responsibilities			
4.3	Ensuring that the finance function makes a full contribution to and meets the needs of the business.	Staffing and resource structure, day to day management and Personal Development Reviews.	Y
4.4	Ensuring that the resources, expertise and systems for the finance function are sufficient to meet business needs and negotiating these within the overall financial framework.	Staffing and resource structure. Capital investment in Finance systems.	Y
4.5	Ensuring that robust processes for recruitment of finance staff are implemented and/or outsourcing of functions.	Recruitment supported by Talent Acquisition - People Services.	Y
4.6	Reviewing the performance of the finance function and ensuring that the services provided are in line with the expectations and needs of its stakeholders.	Service plan monitoring and review of the SLA between PCC and CC.	Y
4.7	Seeking continuous improvement in the finance function.	Finance SMT meet regularly to review and deliver elements of the Finance Improvement Plan.	Y
4.8	Ensuring that finance staff, managers and the Leadership Team are equipped with the financial competencies and expertise needed to manage the business both currently and in the future.	Finance SMT meet regularly to review and deliver elements of the Finance Improvement Plan.	Y
4.9	Ensuring that responsibility for all finance staff is properly discharged.	Day to day management and Personal Development Review.	Y
4.10	Acting as the final arbiter on application of professional standards.	Yes	Y
Personal skills and professional standards			
In order to fulfil the aims of this Principle:			
4.11	Ensure a vision is created and communicated for the finance function.	Personal Development Review process, Annual Integrity and Vetting Review, Career Conversations and Competency and Values Framework Assessments.	Y
4.12	Role model a customer focussed culture.		Y
4.13	Promote an open culture, built on effective coaching and a "no blame" approach.		Y
4.14	Promote effective communication between the finance department, PCC and with external stakeholders.		Y
4.15	Apply strong project planning and process management skills.		Y
4.16	Set and monitor meaningful performance objectives for the finance team.		Y
4.17	Role model, as required, for effective staff performance management.		Y
4.18	Coach and support staff, as required, in both technical and personal development.		Y
4.19	Promote high standards of ethical behaviour, probity, integrity and honesty.		Y
4.20	Ensure, when necessary, that outside expertise is called upon for specialist advice not available within the finance function.		Y
4.21	Promote discussion on current financial and professional issues and their implications	Y	

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N
Principle 5			
The CFO must be professionally qualified and suitably experienced.			
Governance Requirements			
5.1	Appoint as an employee, or engage under a contract for services, a professionally qualified CFO whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood.	CFO in post. Significant experience and role understood.	Y
5.2	Ensure that the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of their role.	Part of appointment process. Personal Development Review process, Annual Integrity and Vetting Review, Career Conversations and Competency and Values Framework Assessments.	Y
Personal skills and professional standards			
In order to fulfil the aims of this Principle:			
5.3	Be a member of an accountancy body recognised by the International Federation of Accountants (IFAC), qualified through examination, and subject to oversight by a professional body that upholds professional standards and exercises disciplinary powers.	CIPFA.	Y
5.4	Adhere to international standards set by IFAC on:		
	– Ethics.	Yes.	Y
	– Continuing Professional Development.	CPD record.	Y
5.5	Demonstrate IT literacy.		Y
5.6	Have relevant prior experience of financial management in the public services or private sector.		Y
5.7	Understand public service finance and its regulatory environment.	Personal Development Review process, Annual Integrity and Vetting Review, Career Conversations and Competency and Values Framework Assessments.	Y
5.8	Apply the principles of corporate finance, economics, risk management and accounting.		Y
5.9	Understand personal and professional strengths.	Significant experience in the public sector, both policing and local government.	Y
5.10	Undertake appropriate development or obtain relevant experience in order to meet the requirements of the non-financial areas of the role.		Y

JOINT INDEPENDENT AUDIT COMMITTEE	15 JUNE 2026
PRIMARY ASSURANCE FRAMEWORK ELEMENT – EXTERNAL AUDITOR ASSURANCE	
GAIL THOMPSON, JOINT CHIEF FINANCE OFFICER	

1. Purpose

- 1.1 To review the Joint Audit Results Report (ARR) and Joint Auditor’s Annual Report (AAR) for the 2024/25 financial year and note any governance issues arising.

2. Background

- 2.1 Our external auditors Ernst & Young LLP (EY) issued their Draft Joint Audit Results Report (ARR) 2024/25 for the Chief Constable and Commissioner in February 2025. The report was presented to JIAC for review on 23 February 2026. The final ARR was issued in March 2026 and has been published on Force and OPCC websites along with the audited Statements of Account 2024/25.
- 2.2 The Joint Auditor’s Annual Report (AAR) 2024/25 was issued in May 2026 and is included on the JIAC agenda today for review. The Draft AAR 2024/25 was previously reported to the JIAC in November 2025.
- 2.3 We have used the Joint ARR and AAR reports for the purpose of monitoring our governance arrangements. Both reports were reviewed to assess any recommendations in relation to the completion of the Statutory Accounts and to identify any potential governance issues which should be included within the Annual Governance Statement for 2025/26.

3. Findings

- 3.1 In the AAR our external auditors are required to consider whether the Police and Crime Commissioner and Chief Constable have put in place proper arrangements to secure economy, efficiency, and effectiveness in their use of resources and to identify whether there are any risks of significant weakness in those arrangements.
- 3.2 The National Audit Office (NAO) requires the external auditor to assess arrangements under three areas:
- Financial Sustainability
 - Governance
 - Improving Economy, Efficiency, and Effectiveness
- 3.3 The AAR 2024/25 concluded that there were no significant weaknesses and no improvement recommendations in respect of Financial Sustainability or arrangements to improve Economy, Efficiency and Effectiveness. These findings demonstrate the continued robustness of financial planning processes and the effectiveness of ongoing improvement activity across the organisation.

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- 3.4 However, a significant governance weakness was identified in relation to capacity within the Finance function. During 2025, the Finance team faced considerable resourcing pressures, including vacancies, sickness absence, and maternity leave. Despite proactive efforts to manage these challenges, the reduced capacity affected service delivery. The auditors were kept fully informed throughout, and, as a result, elements of planned audit work were paused. This meant the original target date for completion of the audit in December 2025 could not be met, and the Joint Independent Audit Committee (JIAC) received an update on the position in November 2025.
- 3.5 Management accepted the audit findings and committed to a comprehensive set of actions to address the capacity issues and build greater resilience within the Finance team. Additional staff were deployed to support the completion of outstanding work and to strengthen resources ahead of the 2025/26 financial year-end. This included bringing in external staff to supplement internal capacity.
- 3.6 The governance weakness in capacity of the finance team was disclosed in the final AGS's for 2024/25. It is also disclosed in the AGS's for 2025/26 with an update on actions taken.
- 3.7 In the ARR 2024/25 the external auditor issued an unqualified opinion for the Chief Constable's accounts, concluding that 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
 - have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended)
- 3.8 For the PCC accounts the opinion was qualified by one matter relating to the valuation methodology used for Right of Use Assets of £1.7m under IFRS 16 Leases. The recommendations in respect of IFRS 16 accounting are captured in the AGS within the governance weakness for capacity of the finance team.
- 3.9 Based on a review of the Joint ARR for the 2024/25 financial year, there are no other issues to report which will have an impact on the Annual Governance Statement for 2025/26.

4. Considerations

Government Security Classification	OFFICIAL
Freedom of Information/ Report Exemption	Non-exempt
Consultation	
ARR and AAR Reviewed by JIAC	

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Resources
N/A
Code of Ethics
N/A
Equality
N/A
Legal
N/A
Risk
N/A
Communication
ARR and AAR Reviewed by JIAC and Published on Force/OPCC Websites
Evaluation
N/A

JOINT INDEPENDENT AUDIT COMMITTEE	15 JUNE 2026
PRIMARY ASSURANCE FRAMEWORK ELEMENT – JIAC (REGULATORY FRAMEWORK) ASSURANCE	
REPORT OF: JOINT CHIEF FINANCE OFFICER	

1. Purpose

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

2. Background

- 2.1 As part of the Annual Governance Review considered at the JIAC meeting in May 2024 members agreed that a further assurance report would be added to the Annual Governance Review to recognise those areas under the Terms of Reference (ToR) of the JIAC (Regulatory Framework) where members are required to provide appropriate independent assurance to the PCC and CC, relating to:

- The Scheme of Consent in respect of contract procedures and rules, financial regulations and codes of conduct and behaviour.
- Codes of Governance and Policies relating to declarations of interest, gifts and hospitality, whistle blowing, counter fraud and corruption and any other relevant areas under the ToR – Regulatory Framework section.

- 2.2 The duties of JIAC members under the ToR (Regulatory Framework) are to ensure that there is an effective regulatory framework and evidence of compliance with mandatory and best practice standards, and to provide appropriate independent assurance to the PCC and CC.

3. Findings

- 3.1 At the JIAC meeting in September 2024 the Committee were provided with an overview of their duties under the ToR (Regulatory Framework).

- 3.2 The following areas were provided for information and review:

- Scheme of Consent in respect of contract procedures, rules, financial regulations and codes of conduct, as published in the Governance Framework on the OPCC website. [Governance Framework](#)
- Declarations of Interest - Force Policy and register of interests published on Force and OPCC websites.
- Gifts, Gratuities and Hospitality - Force Policy and registers as published on Force and OPCC websites.

- [Code of Ethics](#)
 - [Code of Practice for Ethical Policing](#),
 - Information on Force Governance Boards - Trust and Confidence Board and Ethics Advisory Board
 - Whistleblowing (Reporting Wrongdoing) Procedure
 - [Police Anti-Corruption and Abuse Reporting Service](#)
 - [Crimestoppers](#).
 - [OPCC Northumbria Confidential Reporting Policy](#)
 - Force P&DR process and annual mandatory annual Integrity Health Check (now Annual Integrity and Vetting Review).
 - Internal audit of Counter Fraud and Corruption arrangements (Operating Well).
- 3.3 Committee members raised a number of questions around areas such as conflict of interests and whistleblowing procedures at the meeting.
- 3.4 There were no matters or concerns raised by the Committee which would impact on the Annual Governance Statements.
- 3.5 There have been no material changes to the structure of information, policies and procedures that would impact on the Annual Governance Statements.

4. Considerations

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

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APPENDIX ix.

Covered in the report
Risk
N/A
Communication
N/A
Evaluation
N/A

JOINT INDEPENDENT AUDIT COMMITTEE	15 JUNE 2026
ANNUAL GOVERNANCE - PRIMARY AND THEMATIC ASSURANCE REVIEW – 2025/26	
REPORT OF THE JOINT CHIEF FINANCE OFFICER	

I PURPOSE

- 1.1 Each financial year a review of the effectiveness of the system of internal control is undertaken and Annual Governance Statements (AGS's) are prepared for both the Police and Crime Commissioner (PCC) and the Chief Constable (CC).
- 1.2 The following sets out the internal reviews carried out as part of the Annual Governance Review Framework, as reported to the Joint Independent Audit Committee (JIAC) on 23 February 2026.
- 1.3 The below elements of review have been considered in order to review the overall Governance Framework and propose the draft AGS's.

2 RECOMMENDATION

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

3 BACKGROUND

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

Assurance Framework

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

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

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

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

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

Primary Assurance Framework Elements

3.8 Governance arrangements

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

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

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

3.9 HMICFRS and other external inspectorates

- In addition to the HMICFRS and external inspectorate reports presented at each JIAC meeting an annual review has been undertaken summarising the activities during 2025/26.
- Appendix (ii) provides an overview of these external inspectorates and sets out the robust governance arrangements in place. From the review, although there are some areas for improvement identified, there were no exceptions or risks to delivery identified during the year, for any of the recommendations or areas for improvement reported by HMICFRS, a comment to this effect has been included within the AGS's.

3.10 Risk Management

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

3.11 Performance Management and Data Quality

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

3.12 Legal and regulatory framework

- Assurance was sought from the PCC's Chief of Staff and the CC's Head of Legal, who have a legal duty within their own bodies to ensure the lawfulness

and fairness of decision-making and ensure compliance with established policies, procedures, laws and regulations.

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

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

- Assurance has been sought from the Joint Chief Finance Officer (JCFO) to the PCC and CC. A self-assessment of whether best practice financial governance arrangements have been in place during the financial year 2025/26 has been completed by the JCFO for the purposes of the Annual Governance Statement (AGS). In accordance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).
- Appendix (vi) provides an overview of the assurance gained, there were no areas identified to explicitly include within the draft AGS's.

3.14 Views of the External Auditor

- A review was undertaken of the Joint Audit Findings Report (AFR) and the Auditor's Annual Report (AAR) for the 2024/25 financial year, in order to identify any recommendations to be implemented during 2025/26
- Appendix (vii) provides an overview of the assurance gained.
- The Joint Auditors Annual Report (AAR) for 2024/25 identified a significant weakness in relation to capacity within the Finance function which was disclosed in the final AGS's for 2024/25. It is also disclosed in the AGS's for 2025/26 with an update on actions taken.
- The report confirms there are no further issues to report which will have an impact on the Annual Governance Statement for 2025/26.

3.15 CIPFA FM Code Self-Assessment

- The CIPFA Financial Management (FM) Code self-assessment is attached at appendix (viii).
- Included with the assessment is a summary of actions taken against the CIPFA FM review carried out in 2025.
- The overall conclusion from the Financial Management Code self-assessment is Green and there are no matters that require disclosure in the Annual Governance Statement.

3.16 JIAC Regulatory Framework Assurance

- The purpose of the report is to provide assurance relating to the Terms of Reference (ToR) of the JIAC (Regulatory Framework) where members are required to provide appropriate independent assurance to the PCC and CC.
- The full report is included in this pack a at appendix (ix).

Thematic Assurance Framework Elements

3.17 Business Planning

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

3.18 Partnership arrangements and governance

- Assurance is also required in respect of any significant partnership arrangements, as they are key to the delivery of each body's objectives. For each partnership, aims and objectives are agreed at inception to determine that they support the vision and objectives of Northumbria Police and the Office of the Police and Crime Commissioner. Project management arrangements are put in place, with effective processes to enable achievement of these objectives and to effectively deliver against the Police and Crime Plan, and strategic aims of all partners.
- In 2025/26 the internal audit was undertaken for the Force's most significant partnership, the North East Regional Organised Crime Unit (NEROCU) which was assessed as 'Operating Well'.

3.19 Digital Policing Arrangements

- Assurance was sought as to the adequacy and robustness of information systems and information management arrangements, including the Digital Policing (DP) governance arrangements.
- The Joint Governance Group reviewed the annual DP Assurance Report at their meeting on 1 June 2026. The bullets below provide an overview of the assurance provided which includes management, governance, compliance, risk and mitigation.

- The report provides an overall assurance opinion of substantial assurance with ongoing improvement in Digital Policing (DP). It highlights that the function has significantly evolved since 2020 from a reactive and under-invested IT service into a structured, governed and strategically aligned capability that supports operational policing and the Force's long-term vision.
- A structured transformation programme has driven improvements across people, processes and technology, resulting in a shift to a proactive, service-led operating model. Key developments include embedding a permanent DP organisational structure, separating strategic delivery from operational services, increasing the use of modern platforms such as cloud and automation, and reducing legacy systems and technical debt.
- Governance arrangements are assessed as strong and well established, with clear leadership under the Chief Technology Officer and defined functional areas covering data, architecture, service management and operations. A comprehensive range of governance boards and forums provides regular oversight of performance, risk, investment and delivery, ensuring accountability and alignment with the Digital Policing Plan.
- The control environment is robust, with Digital Policing operating in compliance with legislative and regulatory requirements, including GDPR. Assurance is supported through internal audit activity, structured policy management, data protection processes (including DPIAs), and workforce training and competency frameworks, all of which contribute to a disciplined and compliant operating model.
- Key assurance areas demonstrate improving maturity. Cyber security arrangements include enhanced patching, monitoring and regular penetration testing, alongside strengthened resilience through national monitoring integration. Service continuity is supported by tested disaster recovery and incident management processes, while structured lifecycle management ensures ongoing investment in infrastructure and replacement of unsupported technologies.
- While progress is clear, a number of risks remain, including reliance on legacy systems, cyber threats, workforce retention challenges and dependencies on wider transformation programmes. However, these risks are well understood and actively managed, with mitigation through continued digital investment, strengthened governance, expansion of cloud technologies, workforce planning and the systematic replacement of legacy systems.
- Looking ahead, the focus is on optimising and realising value from the transformed digital environment, including greater use of data, analytics, automation and collaboration tools. Overall, Digital Policing is now a stable, mature and forward-looking function, well positioned to deliver improved operational outcomes, efficiency and productivity, with continued improvement expected as priorities are delivered.

3.20 Fraud, Corruption and Money Laundering

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

3.21 Wellbeing

- The Joint Governance Group received a report on the governance arrangements for Wellbeing in Northumbria at their meeting on 1 June 2026. The bullets below provide an overview of the assurance provided which includes governance arrangements and compliance with Wellbeing national guidance and legislation.
- Wellbeing remains a Force priority, led through the People and Culture Strategy. Wellbeing activity is governed through the Corporate Services Portfolio Governance Board and Culture, Leadership & Standards board.
- The former Blue Light Wellbeing Framework has been replaced by the Workforce Prioritisation Guidance (WPG) as part of the National Police Wellbeing Service (NPWS) strategy and is embedded within the forces' People & Culture Strategy. WPG focuses on six key areas: Trauma, Suicide Prevention and Postvention, Peer Support, Operation Hampshire, Fatigue Risk Management, and Occupational Health Units (OHU).
- Workforce wellbeing is shaped by the demands of policing, including operational complexity, exposure to traumatic incidents, and sustained emotional labour. These pressures are not experienced uniformly, with higher impact typically seen in frontline and high-risk roles.
- Over the past year, the force has strengthened governance, oversight, and assurance arrangements. This includes Occupational Health contractual reform, clearer performance expectations, enhanced data capability, and alignment with national wellbeing priorities. These developments provide a more consistent and transparent framework for identifying and managing wellbeing risks.
- Demand for mental health support continues to rise, driven by operational exposure, cumulative workload pressures, and increased confidence in seeking support.
- The force's wellbeing approach aligns with national policing guidance and legislation, including NPWS (Oscar Kilo), WPG, and OHU standards. External best practice, including from the NHS and NICE guidance, is incorporated to ensure evidence-based approaches and best practice are implemented.

- The force demonstrates strong compliance with national wellbeing guidance and legislation through alignment with National Police Wellbeing Service (Oscar Kilo), Workforce Prioritisation Guidance (WPG), and Occupational Health Unit standards, alongside incorporation of wider evidence-based practice such as NHS and NICE guidance. Regular WPG self-assessment and annual review via the Force Management Statement ensure continuous improvement and accountability, with identified strengths (e.g. suicide prevention) and ongoing development areas.
- The organisation meets key legislative requirements, including psychological screening for high-risk roles and obligations under the Equality Act through reasonable adjustments, with further enhancement planned via a Workplace Adjustments Framework. Delivery models such as trauma support (including EMDR), TRiM peer support, and expanded occupational health provision are aligned to national standards, and the overall approach has received external recognition, indicating a mature, compliant, and continuously improving wellbeing framework
- A summary of the Wellbeing governance arrangements was considered by JGG members. There were no issues which need to be reflected within the AGS.

4. FINDINGS

4.1 The significant governance weakness reported in the Auditors Annual Report 2024/25 was included in the AGS for that year and an update is provided in the 2025/26 AGS's.

4.2 No further areas have been identified for disclosure in the 2025/26 AGS's.

5. CONSIDERATIONS

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

PRIMARY ASSURANCE FRAMEWORK ELEMENT**CIPFA FINANCIAL MANAGEMENT (FM) CODE
SELF-ASSESSMENT****REPORT OF: JOINT CHIEF FINANCE OFFICER****I. Overview of Area of Assurance**

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

2. Background

- 2.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) published the Financial Management Code (FM Code) in October 2019 and detailed guidance was published in May 2020. Although it is not a statutory code public bodies are required to comply with the 6 principles and 17 standards it contains.
- 2.2. The FM Code was introduced to provide public sector bodies with a framework to guide sustainable financial management in response to concerns about the financial resilience of local authorities (including Police). The FM Code formally came into effect for 2021/22 following the 'Pilot' year in 2020/21.
- 2.3. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium, and long-term finances, and manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.
- 2.4. A joint self-assessment for the PCC and CC as a group entity has been undertaken for the 2025/26 financial year. The detailed assessment is attached at Appendix A.

3. Findings

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

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- Stakeholder Engagement and Business Plans (Green)
- Monitoring Financial Performance (Green)
- External Financial Reporting (Green)

3.2. The overall conclusion from the self-assessment is Green and there are no matters that require disclosure in the Annual Governance Statement.

3.3. During 2024/25 the Force engaged CIPFA to carry out an assessment of Northumbria Police against the CIPFA Financial Management Model and in 2025/26 the Force has implemented a number of recommendations from that review.

Key Findings

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

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

3.5. The force's Medium-Term Financial Strategy demonstrates ambitious plans for modernisation across estate and buildings to improve operational efficiency. However, the financing structure reveals a heavy dependence on borrowing, with prudential borrowing accounting for 85% of the total funding requirement. However, the Force is taking a prudent and flexible approach to its investment and associated borrowing strategy which allows for deferral of some investment later in the strategy period if it becomes unaffordable.

3.6. Financial management processes show considerable strength, particularly in treasury management and budget monitoring. The implementation of Power BI has enhanced budget holder engagement and understanding. The Priority-Based Budgeting approach has delivered substantial savings, contributing alongside prior year efficiency plans to £8.4m identified for 2024/25.

3.7. We found several examples of pro-active and insightful financial analysis. For example, the Finance Department had drawn up a presentation in response to the issues that had arisen in South Yorkshire in respect of minimum revenue provision. The content

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of the presentation which we reviewed was of a very high quality.

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

2025/26 CIPFA - Financial Management Self-Assessment

APPENDIX A

Background

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

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

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

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

		<p>policing for Northumbria residents whilst being the hardest hit force over the prolonged period of austerity since 2010. This messaging has been reinforced by a number of independent reports by the National Audit Office (NAO) and HMICFRS.</p> <p>For the 2024 financial year the external auditor Ernst & Young LLP (EY) have issued a Value for Money report in their Auditor's Annual Report (AAR). Under the AAR arrangements are assessed under three areas – Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness. The AAR 2024/25 concludes that for Financial Sustainability and Delivering Economy, Efficiency and Effectiveness there were no significant weaknesses identified and no improvement recommendations were raised.</p> <p>Procurement savings are reported to Blue Light Commercial on a quarterly basis. Value for Money is an integral part of all procurement processes. Frameworks and collaborative procurement nationally through BLC and PECP in addition to regional collaborative contracts.</p> <p>Budget savings and efficiencies continue to be delivered wherever possible as part of the annual budget and MTFS planning process, through continued scrutiny of non-pay budgets, continued use of national framework agreements and maximising income generation wherever possible.</p>		
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B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government			
1	Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?	<p>The Commissioner and Chief Constable have a Joint CFO with responsibilities set out in the Scheme of Governance, which provides both the Commissioner and Chief Constable with a single efficient, effective and economic financial management lead.</p> <p>The Joint CFO is a key member of the leadership team for both the Police and Crime Commissioner and the Chief Constable.</p>	G	
2	Does the CFO lead and champion the promotion and delivery of good financial management across the authority?	<p>Yes, the CFO leads and champions good financial management across the Force.</p> <p>The CFO attends the Executive Board for the Chief Constable, is Treasurer to the PCC and sits on a number of Strategic Boards and provides financial advice and guidance throughout the year on key decisions taken by the Chief Constable and Commissioner.</p>	G	
3	Is the CFO suitably qualified and experienced?	<p>Yes, the CFO is suitably qualified and experienced as required by the CIPFA Statement on the Role of the CFO for the Chief Constable and PCC/ in Policing.</p> <ul style="list-style-type: none"> • The CFO carries out a self-assessment on an annual basis against the CIPFA Statement on the Role of the CFO to ensure compliance with the requirements, standards and controls set out in the Statement. • The AGS confirms that the Commissioner and the Chief Constable are also satisfied that the role is working efficiently, that the responsibilities set out in the Scheme of 	G	<p>To deliver the responsibilities set out in the CIPFA Statement on the Role of CFOs in Policing, the Chief Financial Officer must:</p> <ul style="list-style-type: none"> • Lead and direct a finance function that is resourced to be fit for purpose • Be professionally qualified and suitably experienced.

		Governance are being completed effectively.		
4	Is the finance team suitably resourced and fit for purpose?	<p>The Finance structure is fit for purpose; however significant resourcing challenges have been experienced during 2025/26.</p> <p>The overall Finance senior structure includes 2 senior Finance roles; Head of Finance and Senior Finance Lead who support the CFO and manage the activities of the Finance Department.</p> <p>In 2024/25 the role of Funding and Innovation manager was transferred into the finance department. This role identifies and secures funding opportunities, working with key stakeholders in the organisation and partners to maximise funding opportunities to help reduce demand on the organisation, as well as identifying Grants available to allow for investment.</p> <p>The Auditors Annual Report (AAR) for 2024/25 identified a significant weakness in relation to capacity within the Finance function and set out key recommendations:</p> <ul style="list-style-type: none"> • Review the capacity of the Finance Team. • Ensure 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. • Consideration of cross-training staff so critical roles can be covered, defining clear protocols for prioritizing essential 	A	

		<p>financial reporting and audit support tasks and implementing quality control processes.</p> <p>Context - During 2025, the Finance team faced considerable resourcing pressures and despite proactive efforts to manage these challenges, the reduced capacity affected service delivery and the original target date for completion of the audit could not be met. Key recommendations were issued by the external auditor and management have committed to a comprehensive set of actions to address the capacity issues and build greater resilience within the Finance team. The Finance Lead – Partnerships, Projects and Capital Programme was aligned to the Senior Finance Lead, to provide increased support and resilience to the year and final accounts process.</p> <p>Audit and Final Accounts training has been delivered to all finance staff to make existing processes more efficient. User guides have also been developed in these areas.</p> <p>Challenges have been experienced during 2025/26 in relation to loss of critical staff and expertise, impacting on delivery of outstanding pension remedy work. A Gold group, chaired by ACO Corporate Services has been established to provide strategic oversight to outstanding delivery. External pension administration services have been secured to assist with the backlog.</p> <p>Heywoods (pension system) training has been delivered in May for the pensions team to ensure</p>		
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		<p>full capability of system is being used, improve efficiency and to build capability and confidence within the team.</p> <p>The department structure will remain subject to ongoing challenge and review, to ensure service requirements can be delivered at all times.</p>		
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Section 2 - Governance and Financial Management Style			G	
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control			
I	<p>Does the leadership team espouse the Nolan principles?</p>	<p>Yes</p> <p>The Code of Conduct for the Police and Crime Commissioner is published on the PCC website. The Commissioner has adopted this Code which is based on the seven principles set out in Standards in Public Life: First Report of the Committee on Standards in Public Life, known as the Nolan Principles.</p> <p>The Code of Ethics is embedded in the leadership of the Force.</p> <p>The Force Instructional Information System (IIS) contains policies and procedures relating to Ethics and Codes of Conduct. The Force also operates a Trust and Confidence Board and Ethics Advisory Group. Professional Standards reporting procedures outline how staff wishing to report wrongdoing may do so, including a statement of expectation.</p>	G	

2	Does the authority have in place a clear framework for governance and internal control?	<p>The Governance Framework is published on the PCC website. The Commissioners 6 principles of good governance are:</p> <ol style="list-style-type: none"> 1. Focusing on the purpose of the Commissioner, on the outcomes for the community and creating and implementing a vision for the local area. 2. Ensuring the Commissioner, officers of the Commissioner and partners work together to achieve a common purpose with clearly defined functions and roles. 3. Good conduct and behaviour. 4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management. 5. Developing the capacity and capability of the Commissioner and officers to the Commissioner to be effective. 6. Engaging with local people and other stakeholders to ensure robust public accountability. 	G	
3	Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?	<p>The assurance framework is made up from a number of sources that provide assurance on governance arrangements and that controls are in place to achieve each body's strategic objectives.</p> <p>The Joint Governance Group is responsible for assessing and reviewing evidence from a number of sources, which provide assurance that the</p>	G	

		<p>systems of internal control are operating as planned:</p> <ul style="list-style-type: none"> • Governance arrangements. • Senior managers. • The system of internal audit. • Risk management arrangements. • Performance management and data quality. • The view of the external auditor, HMICFRS, and other external inspectorates. • The legal and regulatory framework. • Financial controls. • Partnership arrangements and governance. • Other sources of assurance as appropriate. 		
4	Does the leadership team espouse high standards of governance and internal control?	<p>See also C2 and C3 above.</p> <p>The AGS demonstrates how the Commissioner 'Promotes Values of Good Governance Through Upholding High Standards of Conduct and Behaviour'.</p> <p>The Office of the Commissioner has a comprehensive website (Northumbria PCC) that includes:</p> <ul style="list-style-type: none"> • Information about the Commissioner and office, required by the Specified information Order 2011 (and subsequent amendment orders). 	G	

		<ul style="list-style-type: none"> • Code of Conduct based on the Seven Principles of Public Life published by the Nolan Committee, signed by the Commissioner. • The Commissioner’s disclosure of interest document which is updated annually. • An ‘Ethical Checklist’ signed by the Commissioner committing to standards required by the Committee for Standards in Public in Life. • A register of the Commissioner’s and the OPCC gifts, hospitality and business expenses. <p>The core purpose of good governance in public services is to ensure public bodies take informed, transparent decisions and manage risk; the Commissioner has a Decision Making and Recording Policy that supports these principles.</p> <p>All key decisions that have significant public interest regarding policing, crime and community safety in Northumbria along with those about the estate of Northumbria Police are published on the Office of the Commissioner website.</p> <p>Decisions of the Force are also scrutinised by the PCC at the Scrutiny meetings which are detailed on the PCC website.</p> <p>Codes of conduct and business interests are declared, and all senior leaders are required to complete a related party declaration annually which is subject to external audit.</p>		
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		The governance of the Force is documented annually in the Annual Governance Statement (AGS) which is approved by the JIAC.		
5	Does the leadership team nurture a culture of effective governance and robust internal control across the authority?	<p>Yes.</p> <p>Regular senior leadership meetings to provide support and input at a strategic level throughout the governance cycle, promote learning and development, as well as strategic direction of the force.</p> <p>There is a Joint Governance Framework that exists for the PCC and Chief Constable which includes Finance and Contract Regulations.</p>	G	
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)			
1	Has the authority sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements?	The AGS is prepared in accordance with this Framework. The AGS for each of the Chief Constable and Commissioner explains how they have complied with the Framework and meet the statutory requirements of regulations.	G	
2	Does the authority have in place a suitable local code of governance?	The Governance Framework comprises the systems, processes, culture and values by which the Commissioner operates. The system of internal control is a significant part of that framework and is an on-going process designed to identify and prioritise the risks to achieving the Commissioner's and Chief Constable's aims and objectives, evaluate the likelihood and impact of	G	

		those risks being realised and manage them effectively, efficiently, and economically.		
3	Does the authority have a robust assurance process to support its AGS?	<p>The force undertakes a review of its governance arrangements on an annual basis to inform the AGS.</p> <p>All departments and area commands are required to conduct a self-assessment of the adequacy of internal control systems in place to manage principal business risks, evaluating the effectiveness of procedures, systems, and controls and where applicable, highlighting areas for improvement and actions intended to address these. Each Area Commander / Head of Department completes an Annual Assurance Statement to inform the process and is accountable for implementing their respective action plans</p> <p>The AGS is subject to scrutiny and approval by the Joint Independent Audit Committee, both for publication in the draft accounts and again for the final audited accounts.</p>	G	
E	The Financial Management Style of the authority supports financial sustainability			
1	Does the authority have in place an effective framework of financial accountability?	<p>The Governance Framework sets out financial regulations including contract regulations, and all delegations from the Commissioner and Chief Constable. A review of the Governance Framework was carried out in May 2025 and updates were incorporated to reflect the new Procurement Act 2023.</p> <p>Financial systems operate workflow at transactional level which directs relevant</p>	G	

		authorisations to managers based on roles and responsibilities.		
2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	<p>Yes, the force is committed to continuous improvement in terms of the economy, efficiency, effectiveness, and equity of its services</p> <p>The force has a formal business planning process whereby business planning reviews and proposals, including identification of efficiencies are carried out on annual basis. These are reviewed by the Executive team to identify areas for investment.</p> <p>The Force introduced a Priority Based Budgeting (PBB) approach to business planning during the 2023/24 financial year, aimed at creating efficiency savings to best invest for the future, and which can be delivered whilst maintaining performance and identifying opportunities to improve policing services. Efficiencies identified through PBB are being delivered in 2025/26 and across the new 4-year MTFS period 2026/27 to 2029/30.</p> <p>The Force has established an Efficiency Board in 2026 to provide strategic oversight to delivery of savings targets over the medium term. In addition to planned PBB efficiencies within the MTFS forecast the Force has identified an additional efficiency target of £6.0m over the three years 2027/28 to 2029/30.</p> <p>The force launched 2030+ Programme in 2025, which sets out the case for change for Northumbria looking ahead, key challenges and opportunities to modernise how the force works and serves communities.</p>	G	

3	Does the authority's finance team have appropriate input into the development of strategic and operational plans?	<p>The finance team lead on the setting of the annual budget and production of medium-term forecasts and options which support, underpin, and facilitate strategic decision making and operational planning.</p> <p>The Joint CFO for the Commissioner and Chief Constable has responsibility for the Finance Department and is a key member of the leadership team for both the Force and OPCC including:</p> <ul style="list-style-type: none"> • Representation on Boards • Executive Team • JBM • OPCC Business Meeting 	G	
4	Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?	<p>Each Area Commander and Head of Department has a dedicated finance contact.</p> <p>The Finance Lead for Financial Performance meets regularly with ACCs and Executive Level directors to discuss their portfolio/budget areas and agree forecasts for reporting.</p> <p>The changes approved to the finance structure and the strengthening of the senior management structure through an additional post created in 2022/23, have provided increased capacity and professional resources to support Strategic Governance, additional resilience, whilst meeting the increased internal and external demand on the Finance Department. Thus, increasing</p>	G	

		<p>governance and corporate oversight, moving to provision of a more focussed Finance Business Partner role and allowing dedicated senior resources to assist on critical areas that have grown significantly over the last few years.</p> <p>During 2025/26 Corporate Finance Training sessions were delivered to all Senior Leadership Teams (SLTs) in force with consultation on requirements and some bespoke content included.</p>		
5	Has the authority sought an external view on its financial style, for example through a process of peer review?	<p>The Force engaged CIPFA to carry out an assessment of Northumbria Police against the CIPFA Financial Management Model and their report was issued in early 2025.</p> <p>The force received ratings of 3-4 stars (out of 5) across most areas of delivering accountability and supporting performance but showed more limited capability (2-3 stars) in enabling transformation.</p> <p>Although CIPFA has stated that the intention is not to create a league table and the ratings of other forces cannot be shared, the report notes that 'this is a stronger CIPFA force rating than average'.</p> <p>The report contains a number of recommendations for consideration by the Force, designed to strengthen Northumbria Police's financial management arrangements.</p>	G	<p>In CIPFA's view, an assessment of an authority's financial management style can best be undertaken by means of peer review. Whilst this is not a mandatory requirement for compliance with the FM Code, it can yield a more objective, more balanced and more insightful view than one resulting from an assessment undertaken by the authority itself.</p>

		<p>Finance reviewed the recommendations in the context of the full report and developed an action plan to be delivered in 2025/26 and have monitored performance on a quarterly basis through reporting to Executive Board.</p> <p>(Note peer review is not a requirement for compliance with the FM Code.)</p>		
6	<p>Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?</p>	<p>Yes</p> <ul style="list-style-type: none"> • The appropriate delegations and responsibilities are detailed in the Governance Framework, financial regulations and contract regulations. • Skills and training are reviewed through PDR process. • TM training delivered to JIAC members. • Further investment approved in the Finance structure - to enhance the senior level finance structure to create an additional senior manager (Senior Finance Lead) and a new team dedicated to financial business partnering, to improve financial acumen and financial information available to budget managers. 	G	
<p>Section 3 - Long to Medium Term Financial Management</p>			G	
F	<p>The authority has carried out a credible and transparent Financial Resilience Assessment</p>			
I	<p>Has the authority undertaken a Financial Resilience Assessment?</p>	<p>The <i>‘Financial resilience self-assessment and medium term financial planning toolkit’</i> has been produced as part of the Achieving Finance Excellence in Policing (AFEP) programme under the oversight</p>	A	<p>Financial resilience is a key component of CIPFA’s Financial Management (FM) Model and provides an</p>

		of the Police Financial Management (FM) Working Group The force will undertake the financial resilience assessment as part of the implementation of the action plan derived from the CIPFA FM Review during 2026/27.		assessment of the financial sustainability of each force and its ability to withstand financial shocks.
2	Has the Assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios?	As above	A	As above
3	Has the authority taken appropriate action to address any risks identified as part of the assessment	As above	A	As above
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members			
1	Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?	A financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Commissioner's financial position are identified. The annual budget and precept report sets out the financial risk analysis to the budget approved for the year. In addition, the Commissioner faces a number of significant financial pressures that could affect the position over the medium term. The MTFS 2026/27 to 2029/30 includes an assessment of those risks, the likelihood and impact of each risk and the relevant management controls in place.	G	
2	Does the authority have a strategic plan and long-term financial strategy that address adequately these risks?	Medium Term Financial Strategy (MTFS) is reviewed and updated annually and aligned with other strategic plans, Capital Strategy, Reserves	G	

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

H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities			
1	Has the authority prepared a suitable capital strategy?	Yes, the Capital Strategy can be found at: Capital Strategy 2026/27 to 2029/30	G	
2	Has the authority set prudential indicators in line with the Prudential Code?	Yes, the Prudential Indicators are published with both the Capital Strategy and the Treasury Management Strategy Statement. All Prudential Indicators are in-line with the Code requirements.	G	
3	Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set?	The Prudential Indicators are monitored on a monthly basis as part of the Treasury Management reporting process. In addition they are reported in the mid-year and annual reports which are subject to scrutiny at the Joint Independent Audit Committee (JIAC) before being reported to the Commissioner.	G	
I	The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans			
1	Does the authority have in place an agreed medium-term financial plan?	Yes, the Medium Term Financial Strategy (MTFS) 2026/27 to 2029/30 was published in March 2026 and can be found at: MTFS 2026/27 to 2029/30	G	
2	Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	The MTFS is consistent with and fully aligned with the Capital Strategy, Reserves Strategy and Treasury Management Strategy.	G	
3	Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?	Yes, see responses to G1, G2 and G3 above. Senior leaders are fully involved in the budget setting process each year to ensure that changes	G	

		<p>in demand can be reflected in their respective areas of budget responsibility.</p> <p>People Services and Finance work closely throughout the budget setting process to ensure that the most significant cost base (workforce budget) is accurately forecast and throughout the year is effectively monitored to address variances at the earliest opportunity.</p>		
4	Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?	Financial resilience is achieved through a combination of a prudent approach to budget setting and the significant assumptions relating to grant and precept, risk analysis incorporated within budget setting and MTFS planning processes, and the creation of earmarked reserves to mitigate specific financial risks over the medium term.	G	
5	Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?	<p>Yes, there is an Estates plan and 8-year Estates Strategy which is premised on a full buildings condition survey and includes a number of new sites (HQ, Operational Training, Dog Kennels). The programme is aligned with the Estates Capital Programme 2026/27 to 2029/30 as detailed in the MTFS.</p> <p>The Force has recently undertaken a thorough and independent review of its Estate and Force Operating Model including custody provision and the associated implications for the owned/leased/required estate to deliver an outstanding service. The Review was subject to detailed consultation with operational leaders,</p>	G	

		<p>the professional view of the Estates Team (and associated surveyors) and independent challenge.</p> <p>The new Estates Strategy sets out 8-year plans to invest in new sites, refurbishment of existing estate and required decarbonisation work necessary to meet the 2040 net carbon zero commitment.</p> <p>The Capital Programme 2026/27 to 2029/30 contains significant investment in Digital Transformation, Vehicles including electrification of the fleet, and operational equipment to keep officers and staff safe and make sure they have the tools to be effective.</p>		
Section 4 - The Annual Budget			G	
J	The authority complies with its statutory obligations in respect of the budget setting process			
1	Is the authority aware of its statutory obligations in respect of the budget-setting process?	<p>Yes, the statutory obligations in respect of budget setting are met each year as required by legislation.</p> <p>Statutory obligations, relevant legislation and statutory instruments are generally referenced within the reporting processes and key decision reports to highlight the legal responsibility which is satisfied by specific decisions and approvals.</p>	G	
2	Has the authority set a balanced budget for the current year?	Yes, the budget and precept for 2026/27 was agreed by the Police and Crime Panel and approved by the Commissioner, the report can be found on the OPCC website.	G	

3	Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?	Yes, the Joint CFO is fully aware of the circumstances under which a Section 114 notice should be issued.	G	
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves			
1	Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?	Yes, this statement is included in the report each year and specifically referenced in the key decision on the Commissioners website.	G	
2	Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?	A risk assessment is included in the Budget Report 2026/27 and MTFS 2026/27 to 2029/30 that addresses the main risks to the financial position and forecast including impact assessment and mitigation.	G	
3	Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?	Yes The Reserves Strategy Statement can be found at: Reserves Strategy 2026/27 to 2029/30 The CFO considers that the level of financial reserves held at 31 March 2026 is adequate as confirmed by section 6 of the Reserves Strategy Statement.	G	
4	Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall?	The Reserves Strategy Statement sets out the current and forecast future levels of financial reserves and concludes at section 6 that the CFO considers that the level of financial reserves held by the Commissioner is adequate. No shortfall has been identified.	G	

Section 5 - Stakeholder Engagement and Business Plans		G
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget	
I	<p>How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?</p> <p>Area Commanders and Heads of Departments are consulted on their respective budget areas.</p> <p>People Services are fully engaged in setting the most significant budget area (workforce). Executive Team make decisions on workforce profiles, authorised establishment levels and forecast officer recruitment.</p> <p>Capital investment requirements are determined by the Executive Team and approved by the Commissioner.</p> <p>The regional NEROCU budget is developed in partnership with Durham and Cleveland finance teams, the Head of NEROCU and NEROCU SMT, and agreed through the Management Board and Joint Committee.</p> <p>The Commissioner undertakes consultation with the public on the proposed council tax precept each year.</p> <p>The annual budget and precept proposals are subject to scrutiny by the independent Police and Crime Panel, on behalf of the public, the Councillor members of which represent all 6 local authorities across the Northumbria Police area.</p>	G

		PACCTS/NPCC issue a number of surveys throughout the year to collate data and working assumptions for all Forces. The results of those surveys are subsequently shared with Forces to inform planning processes.		
2	How effective has this engagement been?	<p>Northumbria Police has a strong record of effective financial management, delivering planned savings and managing financial performance within budget.</p> <p>Unqualified external audit opinion on accounts every year and unqualified value for money opinion.</p> <p>Balanced budget set each year across the medium term.</p> <p>Balanced MTFS forecast 2026/27 to 2029/30.</p> <p>Public consultation on proposed precept increase each year by the PCC – support from the public each year for the increase in precept.</p> <p>Performance - Victims of crime report high levels of satisfaction.</p>	G	
3	What action does the authority plan to take to improve its engagement with key stakeholders?	<p>Improving engagement with stakeholders is subject to continuous review to identify new opportunities to engage with the workforce, external agencies/partners, and the public.</p> <p>The Commissioner has operated a comprehensive engagement programme during</p>	G	

		<p>2025/26 with local, regional, and national representation and engagement via the press and through active social media channels and advisory groups that represent local communities and groups. Through these engagement channels, the Commissioner can ensure that the service provided reflects the changing needs of local communities.</p> <p>NIK is the Force intranet service which was launched in September 2022. NIK is the internal platform designed to help the Force create a culture of encouragement, recognition, and engagement through online interactivity. It has received positive feedback from officers and staff and provides operational Apps and tools, an intelligent search function, interactive content, and FAQs to support the workforce.</p> <p>Engagement with the workforce has included regular newsletters and publications such as 'In the Know' and 'NIK News'.</p>		
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions			
I	<p>Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'?</p>	<p>Corporate Hub created in 2026.</p> <p>Business cases will be assessed through a standard template designed to capture relevant information on costs, benefits, consultation and option appraisal.</p> <p>Processes currently in design.</p>	A	

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

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

		<p>Business Meeting on a quarterly basis and published for wider scrutiny of financial performance by the public. The quarterly reports are published as key decisions on the OPCC website.</p> <p>The monthly revenue monitoring reports provide commentary on all significant budget areas and highlight material variations to budgets, whilst the appendices to the reports provide the detailed budget position for additional scrutiny.</p> <p>New Business Packs were developed during 2023/24 by Finance which are issued to all Area Commanders and Heads of Department on a monthly basis. These reports are presented in Power BI format and provide additional information on spending in an improved visual format, to allow the user to drill down into spend and analyse trends. Further developed in 2025/26 with reports developed for capital budget reporting.</p>		
2	Do the reports cover both forward and backward looking information in respect of financial and operational performance?	Yes, reporting covers financial position as at the reporting date and year-end forecast.	G	
3	Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such as contract monitoring data?	NEROCU is a significant collaboration with Durham and Cleveland with governance arrangements set out under a formal S22 Collaboration Agreement. Financial performance is reported to NEROCU Management Board and then to NEROCU Joint Committee. The Northumbria contribution to NEROCU is	G	

		<p>reported at force level within budget monitoring reports for the Chief Constable.</p> <p>Internal audit examines the arrangements in place for partnership working on an annual or biannual basis according to risk.</p> <p>There has been a significant volume of OPCC partnership working in recent years on funded multi-force/multi-agency projects, intended to transform policing for the future and to respond to the changing nature of crime. Partnership working has focused on prevention and early intervention tackling domestic abuse, serial perpetrators and serious violence, with governance and performance monitoring reported through the OPCC.</p>		
4	Are the reports provided to the leadership team in a timely manner and in a suitable format?	Reports are monthly and circulated in advance of relevant meetings. Format is subject to review on an annual basis to ensure that a sufficient level of detail and transparency is provided to effectively support decision making and actions.	G	
5	Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?	Yes	G	
O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability			
1	Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	<p>Reserves – the Commissioners reserves strategy is reviewed twice yearly:</p> <p>I. As part of the Medium-Term Financial Strategy (MTFS), precept and budget</p>	G	

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

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

		<p>monthly treasury management reports, TM mid-year and annual reports.</p> <p>Capital Investment – monthly reporting of expenditure, capital receipts and capital financing.</p> <p>Reserves – specific consideration given where performance in-year requires a potential change to the planned use of reserves identified at budget setting.</p>		
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Section 7 - External Financial Reporting			G	
P	The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom			
1	Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements?	<p>Yes, the role, responsibilities and delegations are fully detailed in the Governance Framework published on the OPCC website.</p> <p>The Joint CFO signs the balance sheet to the accounts and approves the draft accounts for publication (both CC and PCC/Group).</p> <p>Responsibilities are fully detailed in the CIPFA Statement on the Role of the CFO. The CFO carries out a self-assessment on an annual basis to ensure compliance with the requirements, standards and controls set out in the Statement.</p>	G	
2	Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms?	Detailed in the CIPFA Statement on the Role of the CFO – see PI response.	G	

3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom?	Yes, the Chief Constable, Commissioner and Group accounts have been published on-time each year since the PCC role was created, and the external audit of accounts has confirmed each year, an unqualified opinion, accounts of a high standard and prepared in-line with the Code, in addition to an unqualified value for money opinion each year.	G	
Q The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions				
1	Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget?	Both the Chief Constable and Commissioner are provided with outturn reports that are aligned with the level of detail monitored monthly throughout the year. Variances are reported monthly and detailed at the year-end within the appendices to the budget report.	G	
2	Is the information in these reports presented effectively?	The final outturn reports follow the structure of monthly budget reporting-level detail and form the basis of the outturn reporting within the Narrative Statement in Statements of Account for the Chief Constable and Commissioner.	G	
3	Are these reports focused on information that is of interest and relevance to the leadership team?	<p>The revenue reports focus on the annual performance, key variances and significant changes since the previous quarterly/monthly position was presented, and impact on the financial position of the force –i.e. impact on the level of financial reserves.</p> <p>Capital outturn reports highlight variances against budget estimates in addition to 'slippage', those differences due to timing of expenditure. This</p>	G	

		allows for assessment of the impact on the following year's capital programme as well as on the overall capital financing requirement for the year.		
4	Does the leadership team feel that the reports support it in making strategic financial decisions?	Yes	G	

Dimension	Theme	Recommendation	Aspect Addressed	Update on Actions
Leadership	Collaboration	Establish formal service level agreements (SLAs) between finance and other departments.	Enhance clarity and accountability in financial collaboration.	The CIPFA report sets out the current good working practises and engagement with Finance staff being well-regarded for their technical expertise and support, but references the absence of a formalised SLA. Finance will formalise and document the internal monitoring deadlines associated with the provision of monthly management nformation provided to Heads of Department, and also the expectations in terms of input and feedback from HofD to ensure accurate and informed outturn and variance reporting. This will be further expanded to include the annual process with regards budget setting for both capital and revenue budgets, and efficiency planning principles. Finance training sessions with SLTs will be used to consult the wider force on the content. This document will be circulated to Heads of Department in line with the annual budget allocations.
People		Establish a formal business partner model for finance staff.	Strengthen collaboration and strategic alignment.	The current finance strucure incldues a Finance Lead for Partnerships, Projects, and Capital programme which is role created to move us towards a Business Partner approach; we also have dedicated Finance Advisors for each Area Command and Department who actively engage with their relevent Heads of Department and Business Leads . Senior finance representation is effective across all project and governance boards, with monthly input to Executive Lead's Portfolio Governance Boards. In a finance business partnering approach, rather than focusing only on budgeting and reporting, finance partners help link resources—such as funding, workforce, and assets—to policing outcomes like crime reduction, response effectiveness, and safeguarding. They support planning, forecasting, and decision-making by translating operational priorities into financial implications and providing forward-looking insight. In line with the business partnering approach, financial data is combined with operational intelligence to challenge assumptions, model scenarios, and improve value for money and Finance staff play a key role in areas such as workforce planning, overtime management, modelling investment decisions, and medium-term financial planning, while also ensuring transparency and accountability. The overall aim is to move finance from a reactive “scorekeeping” role to a proactive, strategic function that shapes decisions and improves both efficiency and service delivery.
Leadership	Training for internal stakeholders	Develop training for non-finance managers on interpreting financial analysis.	Strengthen decision-making capabilities across the organisation.	A number of training packages and masterclass inputs have already been developed and delivered to stakeholders outside of the Finance dept e.g as part of the Leadership course; however we intend to further develop this activity and engage with SLT's to deliver appropriate Finance CPD inputs across the year - increasing finance acumen and strategic awarens of local and national finance issues. Over the next 12 months we commit to delivering a Finance Engaement session with each SLT. We cwill also look to utilise CIPFA courses which are designed for non finance employees focusing on specific topics which may benefit the wider organsiation.
People		Establish structured financial literacy training for managers with budget responsibilities.	Enhance financial accountability.	

Dimension	Theme	Recommendation	Aspect Addressed	Update on Actions
Leadership	MTFS Planning	Strengthen scenario planning and sensitivity analysis in the MTFS.	Better preparation for financial uncertainties.	As part of the MTFS refresh, consideration of a number of scenarios, modelling and sensitivity analysis is undertaken to look at the impact on key areas e.g precept level, pay award implications, funding levels etc. To provide greater transparency we will look to include these within the risk section of the Medium Term Financial Strategy
Process		Strengthen stress-testing of financial forecasts to include higher inflation or funding loss (lower settlements than expected) scenarios.	Improve preparedness for financial uncertainty.	
Leadership	Income Generation	Diversify income sources beyond government grants and council tax.	Reduce dependency on limited funding streams.	<p>Our focus in the last financial year has been on local arrangements and moving to full cost recovery for external funding agreements, which has resulted in increased income of £0.850m to date. Increased income targets have also been realised through the PBB programme in areas such as TV income, increasing external training (bikesafe) and Road Safety courses. The Funding and innovation manager identifies all available opportunities for funding and in the past 3 years we have been successful in securing over £3m (some bids in conjunction with the OPCC) to support NP activity and local initiatives.</p> <p>The Funding and Innovation Manager has developed an annual funding timetable, setting out when grants are made available and the relevant criteria.</p> <p>Funding and Innovation Manager ensures all funding opportunities are identified and directed to relevant HofD; this will form part of ongoing work with Corporate Hub ensuring we have a suitable pipeline of bids to be submitted.</p> <p>Income Generation Board has been established in 2026/27 to provide strategic oversight, prioritisation and management of all income generation activity for Northumbria Police; to direct and drive the development of opportunities; and to provide assurance to the Strategic Resourcing Board (SRB) that income generation is governed, ethical, strategic and financially sound.</p>
Leadership	Strategy	Implement a structured process for prioritising and managing reserves.	Improve long-term financial resilience.	<p>The Commissioner has an established process for prioritising and managing reserves.</p> <p>Reserves are considered annually alongside the budget setting and Medium Term Financial Strategy (MTFS) planning process. The MTFS sets out plans for the use of reserves and explains the basis for those earmarked reserves held to manage key risks. Earmarked reserves are considered alongside budget forecasts and the Joint Chief Finance Officer undertakes an assessment of the robustness of the budget estimates and the adequacy of reserves each year as required by the Local Government Act 2003. A statement to this effect is published with the annual budget and precept key decision.</p> <p>The Commissioner has a Reserves Strategy Statement published by 31 March each year which fully complies with the guidance issued to Police & Crime Commissioners by the Minister for Policing & the Fire Service.</p> <p>The year-end reserves position and in-year movements are approved by the Commissioner with the final revenue outturn report. These are reported with the Statements of Account.</p> <p>Availability of reserves is considered regularly throughout the year, reported at SRB and Executive Board, alongside consideration of investment decisions, identification of efficiency targets, and consideration of emerging budget pressures.</p> <p>There are a number of processes in place which cover the carry-forward of year-end variances.</p>
Process		Develop a formal policy for carrying forward year-end variances.	Ensure clarity and accountability in year-end financial processes.	<ol style="list-style-type: none"> 1) Capital reporting at Q1 to account for slippage in capital projects as reported in the prior year capital outturn report. 2) Revenue underspends - no carry-forward is permitted, however corresponding pressures on the following financial year are considered as appropriate, factored into budget setting where known in advance, or adjusted in-year through virement or budget revisions. 3) External Funding - balances are confirmed at the end of the financial year as part of the year-end accounts timetable, and accounting follows the relevant technical accounting standards, carried forward in reserves to be used in-line with funding/grant terms and conditions.

Dimension	Theme	Recommendation	Aspect Addressed	Update on Actions
Leadership	Benchmarking	Develop a comprehensive benchmarking framework.	Facilitate continuous improvement through peer comparisons.	Finance undertake a number of statutory benchmarking activities including POA, CIPFA stats, VFM profiles, Estates benchmarking etc. We will develop a benchmarking timetable of relevant and beneficial benchmarking exercises to be undertaken on an annual basis, with the outcome to be reported back to Executive Team. As well as statutory activity, Finance will engage with Business partners in other Forces to understand any local benchmarking undertaken by them. We can provide a deep dive on areas of focus to support the CDD annual benchmarking report, e.g look in further detail at income generation. We are also committed to undertaking the CIPFA Finance Resilience exercise during the 2026/27 financial year.
Process		Implement systematic cost benchmarking across all departments and services.	Facilitate cost-efficiency through comparative analysis.	
Leadership	Benefits Tracking	Establish formal mechanisms to link capital investments to operational outcomes.	Enhance transparency and accountability.	Work to formalise benefits tracking has commenced and is led by the Corporate Hub and supported by Finance. The Corporate Hub has developed a standardised Business Case template for new projects to ensure consistency in presentation and evaluation of new initiatives. The recruitment of a Benefits Manager will significantly improve this process and strengthen the Force's position on ensuring that expected outcomes from investment are being achieved, and appropriately recorded and reported. Discussions are ongoing as to how best to present the benefits as a package i.e use of a Power Bi dashboard for quantitative and qualitative data. Finance currently track benefits associated with cashable savings, i.e budget reductions through PBB and delivery against these are reported quarterly to SRB. Finance will continue to support the process and develop dashboards as appropriate. The Finance Lead – Partnerships, Projects and Capital Programme has been working with the Transformation Department and Programme Leads as part of the 2030 project to ensure a standardised approach to the development of Business Cases and identification, calculation and categorisation of benefits. The categories of benefits to be measured and tracked have been agreed with the Head of Transformation. Work remains ongoing to develop the format for tracking and reporting these.
Leadership		Strengthen benefits realisation tracking for transformation projects.	Ensure projects deliver planned benefits.	
Stakeholders		Integrate operational achievements and financial inputs in the annual report to better demonstrate value for money.	Improve transparency of operational and financial performance.	
People	Project Management	Systematically embed finance staff in early stages of project and programme development.	Enhance strategic financial input.	Finance are now represented at all Project Boards and are actively involved in cost benefit and options appraisals associated with new investment. Business cases were developed for Capital and Revenue investment to ensure all costs and benefits are set out in a consistent format. The Corporate Hub has developed a standardised Business Case template for new projects to ensure consistency in presentation and evaluation of new initiatives.
Process		Develop standardised business case templates and guidelines for all new initiatives.	Ensure consistency and rigor in evaluating new initiatives.	
Leadership	Efficiency Programme	Expand PBB focus to include more thematic and long-term reviews.	Drive sustained efficiency improvements.	PBB activity for 2025/26 was expanded to include thematic reviews. Finance provided support to relevant Heads of Dept, providing detailed overview of budget areas and costing efficiency proposals and investment.

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Dimension	Theme	Recommendation	Aspect Addressed	Update on Actions
Leadership	Performance and Process Reviews	Incorporate cost-benefit analysis into regular performance reviews.	Demonstrate value for money more effectively.	Corporate Hub is now live, and will support this work going forward.
Process		Introduce structured business process reviews for underperforming or high-cost functions.	Ensure continuous improvement in operational efficiency.	
People	Financial Competency	Develop a financial competency framework for all roles with financial responsibilities.	Align skills with organisational needs.	Competencies are included in role profiles which were recently reviewed under RRP and agreed within the Finance Management Structure. Role profiles include essential and desirable competencies which are used for recruitment purposes. Work ongoing. Finance SMT will review financial competencies by role to reassure ourselves these are still all valid and accurate.
People		Include formal financial competency requirements in job descriptions for roles with budgetary oversight.	Improve clarity in financial expectations.	
People	Finance Strategy - Resilience	Introduce formal succession planning for key financial roles.	Mitigate risks of overreliance on individuals.	A number of key activities have been undertaken in this area to improve and increase the overall capacity and resilience within the department: 1. Finance will formally document all internal processes and procedures, mapping out areas of work and activities undertaken for each whether daily, monthly, annually etc. Updated as required to maintain corporate memory and knowledge. 2. Document a list of key Board and other meetings that finance attend, setting out the required level of attendance and frequency of the meetings to ensure appropriate representation at all. 3. Upskill Finance department delivering specific training to focused groups, for example Power Bi, Audit, Capital Financing, Precept. Considerable progress has been made in this area. Regular training sessions both in Finance and Procurement. Finance have delivered bespoke training packages to all Senior Leadership Teams across the force.
People		Enhance training in analytical and modelling skills for finance staff.	Improve capacity to support strategic decisions.	
People		Create a development pipeline for analytical and modelling expertise within finance.	Alleviate reliance on key individuals.	
People	Finance Strategy - Recruitment	Transition to competency-based recruitment for finance staff.	Improve alignment between skills and role requirements.	Workshops held in Payroll and Pensions and also across Finance Teams.
People	Finance Strategy - Development	Develop an overarching development plan for the finance function with clear performance targets.	Improve efficiency and effectiveness.	Finance and Resourcing Strategy in place with regular performance monitoring through Executive Board.
Process		Continue to implement a fully integrated ERP system (e.g., upgrading Unit 4) with self-service dashboards for budget holders.	Improve accessibility and efficiency in financial systems.	HRIT Project has been successfully delivered. Unit 4 has seen significant investment and we continue to deliver improvements and benefits in this area with work ongoing to develop Unit 4 dashboards. We have utilised the tools available to us to use in conjunction with unit 4 to deliver the improvements e.g Power bi which has gone live with capital reporting in line with the revenue monitoring, and provides detailed and interactive management information.

Dimension	Theme	Recommendation	Aspect Addressed	Update on Actions
Process	Risk	Introduce tools for mapping risk interdependencies and monitoring cumulative effects.	Improve strategic risk management and mitigation.	<p>The PCC and CC have an established joint approach to the consideration and management of risk, which ensures both bodies have management arrangements in place.</p> <p>Each strategic risk is assigned an owner(s) from the Force's Executive Team or Office of the Police and Crime Commissioner (OPCC) as appropriate, who has responsibility for the management of existing controls and the implementation of new controls, where necessary. Area Commanders, Department Heads and OPCC officers are responsible for the identification of emerging risks which cannot be controlled locally and have the potential to prevent the Force and PCC from achieving objectives.</p> <p>The Force's strategic risks are monitored at the Executive Board and reported alongside those of the OPCC at the Joint Business Meeting and to the Joint Independent Audit Committee on a quarterly basis.</p> <p>The Joint PCC/CC Governance Group provides additional scrutiny and governance.</p>
Process		Formalise a mechanism for escalating operational risks to strategic levels.	Ensure alignment between operational and strategic risk management.	<p>The JSRR identifies each risk, provides context to the risk and identifies current factors affecting thematic risk areas and captures the consequences if it were to happen. It also provides a summary of existing controls and rates risks on the likelihood of the risk occurring and the impact it would have.</p> <p>All risks are regularly reviewed by their respective owners throughout the year in response to the changing environment to provide additional assurance and help to reduce the likelihood and impact of risks.</p> <p>Monitoring of controls has been further developed to include BAU and Time Bound controls to effectively manage risk and bring risk ratings down.</p> <p>Mechanisms are in place to escalate local risks and operational risks to strategic risk.</p>
Process		Broaden the scope of internal audits to include emerging risks such as cybersecurity and ESG.	Align audit scope with evolving priorities and risks.	Internal Audit is risk based audit plan which takes into account areas such as Digital Policing, Cyber-Security. ESG is covered as part of the Governance audit. Consideration to be given on internal audit specification as part of the tendering process being carried out in 2025/26 for the new audit contract.

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Dimension	Theme	Recommendation	Aspect Addressed	Update on Actions
Stakeholders	OPCC	Develop a publicly available engagement strategy for OPCC outlining multi-channel consultation methods, inclusivity measures, and feedback loops.	Improve accessibility of customer engagement methods.	<p>The Commissioner operates a comprehensive engagement programme with local, regional, and national representation and engagement via the press and through active social media channels and external advisory groups that represent local communities and groups.</p> <p>The Commissioner has also visited a range of community and voluntary sector organisations that work within our communities to support vulnerable people and those with protected characteristics. Through these engagement channels, the Commissioner can ensure that the service provided reflects the changing needs of local communities. WE are presently engaging on a Police and Crime refers</p> <p>The Commissioner has consulted with community and partner agencies across the following issues:</p> <p>ASB Victim Needs Assessment - surveyed members of the public, partners and support agencies around ASB victim support, needs and requirements to help shape future direction.</p> <p>Women's Safety in Public Places (WSiPP) – listening to the views of key statutory and VCSE partners to inform Women's Safety in Public Places Programme of work.</p> <p>Student safety - consulted key stakeholders at all three regional universities in relation to the ways in which the PCC's office can better engage and support student safety</p> <p>Duty to Collaborate - via the Transforming Together Network and Represent Women we sought the views of women with lived experience to help shape our commissioning principles.</p> <p>Children's sexual violence support pathway - understanding children and their families' experiences of reporting sexual abuse, how they reached support and their experience of that supporting meeting their needs.</p>
Stakeholders	OPCC	Regularly report on the outcomes of stakeholder engagement activities, including how feedback influenced strategic decisions.	Improve transparency in the influence of stakeholder input.	<p>Adult sexual violence support - understanding the experience of reporting sexual abuse, how victims reached support and their experience of that supporting in relation to meeting their needs.</p> <p>Strengthening Criminal/Family Law Practice – working with a group of mothers with lived experience of complex motherhood, HerCircle, around their experiences of criminal and family law to help strengthen the voice of the child in proceedings.</p> <p>Precept survey - to engage with residents on how much they are prepared to pay to support local policing.</p> <p>Victims survey - to understand victims experiences of accessing support to help inform future commissioning</p> <p>ASB victims survey – to understand ASB victim support provisions across Northumbria</p> <p>Project impact – such as the Project Shield Perceptions Survey</p> <p>Roundtables:</p> <p>VAWG Roundtable - – to help inform the VAWG strategy</p> <p>Retail crime Roundtable – to understand issues and launch Operation Canvas to retailers</p> <p>Safe to Be Me research - understanding LGBT community</p> <p>Women in Policing – understanding women's career opportunities, progression and resignations</p> <p>Community cohesion - Programme of visits to places of worship such as local synagogues and mosques and attending Pride events</p> <p>Neighbourhood policing and local crime concerns - as part of engagement linked to Police operations such as Op Impact and Op Ruby Red and the On the Beat social media content</p>
Stakeholders	OPCC	Benchmark stakeholder engagement practices against other PCCs to identify and adopt best practices.	Promote continuous improvement in stakeholder engagement strategies.	<p>Youth engagement– engaging with young people through Education sessions and initiatives like Trainee Detectives Youth Matters Roadshow, as well as student engagement with Fresher's stalls at fairs SH/RS TEAM</p> <p>Rural issues – the County Show</p> <p>NE Youth ACT Ambassadors - embedding a youth voice into the prevention panel process engaging with young people and prevention panel members to ensure decision making and interventions are directly informed by lived experience.</p> <p>Violence Prevention Ambassadors - survey and focus group work with the ambassadors to feed into future service developments</p> <p>Local Youth Fund – engagement with a youth panel to review applications and make funding recommendations</p> <p>Feedback loops are dependent on the engagement subject and those stakeholders engaged in the work and are used to inform future policy and activity where appropriate. Engagement on the police and crime plan will be fed back to participants, engagement in respect of the precept is provided in a public report to the Police and Crime Panel.</p> <p>Regarding best practice we have recently talked to other OPCCs around their engagement methodology for the precept consultation process and are considering options for the 27/28 precept consultation process.</p> <p>OFFICIAL</p>



NORTHUMBRIA POLICE AND NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Draft Internal Audit Strategy 2026/27 – 2031/32 (including 2026/27 plan)

Presented at the Joint Independent Audit Committee meeting of: 15 June 2026

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

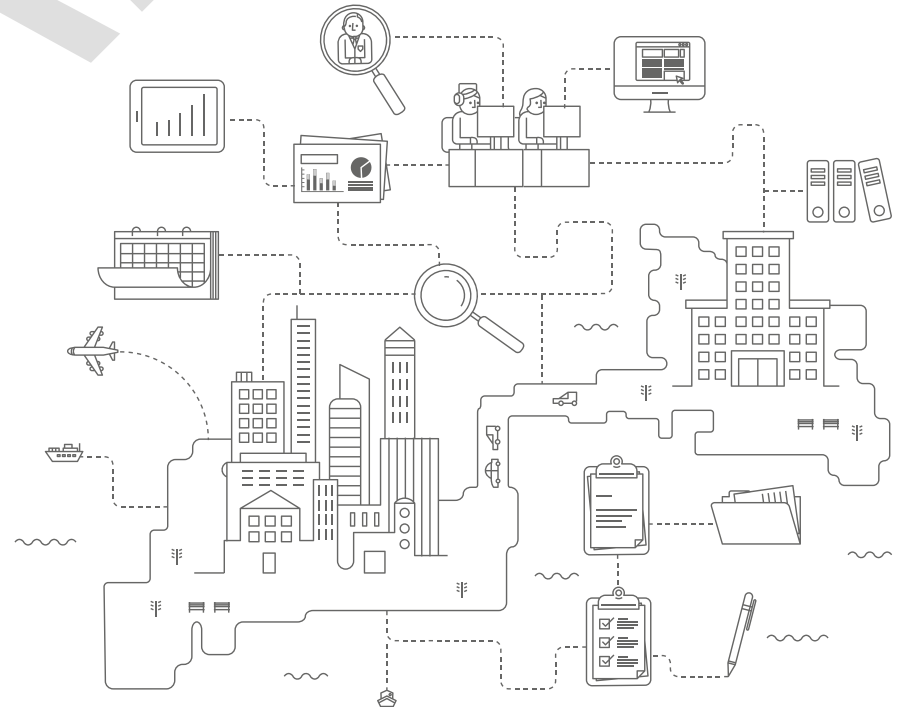
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EXECUTIVE SUMMARY

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Northumbria Police and Northumbria Police and Crime Commissioner in the year ahead, including changes within the sector.

Our Internal Audit Plan Northumbria Police and the Commissioner is presented for approval by the Joint Independent Audit Committee (JIAC) at this meeting. The Committee are asked to approve the Internal Audit Plan and associated Internal Audit Charter. During the year, we will continue to work with management and hold regular meetings to deliver an internal audit programme which remains flexible and agile to ensure it meets your needs.

The key points to note from our plan are:



Your core team are Dan Harris (Partner and Head of Internal Audit), Anna Mullen, and Oliver Gascoigne, who are supported by specialists, as required.



Number of deliverables: 14 including one follow up review and coverage of Digital Policing. We will also provide an annual report with two opinions, an audit plan, benchmarking papers, client briefings, attend all JIAC meetings, and hold update meetings with the Joint CFO during 2026/27.



Flexible and agile approach to deliver in order to respond to your needs.



The 2026/27 internal audit plan is 190 days. This also includes the days for audit coverage of Digital Policing.



Technology toolkit – 4 questionnaires, Alteryx, PowerBi

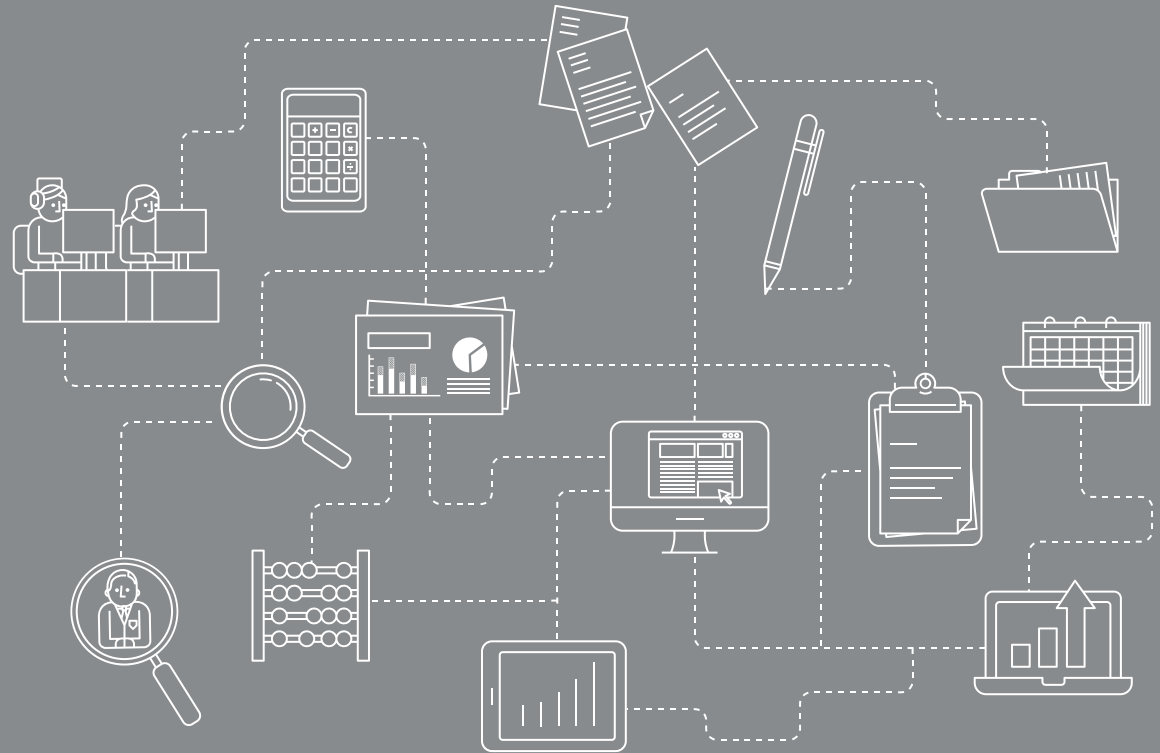


Internal Audit Charter, at Section 3.2.

'RSM generally conforms to the requirements of the IIA Standards' and RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics'.

Annual Internal Audit Plan and Methodology

01



1.1 INTERNAL AUDIT PLAN 2026/27

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2026/27. The table details the strategic risks which have focused our internal audit coverage. This review of your risks allows us to ensure that the proposed plan aligns with the organisation's assurance needs for the forthcoming and future years.

	Audit approach	Assurance for Chief Constable / PCC	Days	Proposed timing	Proposed JIAC Reporting
Strategic Risk					
<i>Risk B: Finance</i>	Risk based	CC and PCC	12	September 2026	February 2027
<i>Risk: Finance (OPCC)</i>					
<u>Key Financial Controls – Accounts Payable</u>					
A review to assess the control framework in place regarding the accounts payable process, including the authorisation of purchase orders, processing and payment of invoices, new supplier setup and amendments, and the scrutiny and approval of payment runs.					
<i>Risk K: Regulation and Standards</i>	Risk based	CC	14	October 2026	November 2026
<u>Vetting</u>					
Significant focus has been placed on vetting both in the media and by HMICFRS. This has been highlighted by parts 1 and 2 of the Angiolini Inquiry (commissioned by the UK Government) which include multiple recommendation for UK Forces regarding police vetting.					
Our review will therefore focus on the Force's vetting process and whether staff, officers, and non-police personnel are subject to appropriate vetting checks with supporting decision-making records.					

	Audit approach	Assurance for Chief Constable / PCC	Days	Proposed timing	Proposed JIAC Reporting
<p><i>Risk K: Regulation and Standards</i></p> <p><u>Firearms Licensing</u></p> <p>New guidance related to firearms licensing was issued by the Home Office in 2021, with updates in 2023. This guidance focused on streamlining the firearms and shotgun licensing process to ensure there is a more consistent approach for the police, medical professionals and applicants.</p> <p>Our review will therefore consider the Force's processes and controls for firearms licensing, as well as considering this against Home Office guidance.</p>	Risk based	CC	12	July 2026	September 2026
<p><i>Risk F: Infrastructure and Assets</i></p> <p><u>Estates</u></p> <p>An operational review to ensure that adequate programmes are in place for the maintenance and upkeep of Force buildings. This will consider arrangements in place for prioritising works and managing budgets.</p>	Risk based	CC and PCC	11	November 2026	February 2027
<p><i>Risk F: Infrastructure and Assets</i></p> <p><u>Equipment Maintenance</u></p> <p>Our review will consider how the Force manages equipment, including how maintenance is identified, scheduled, and logged. We will also consider how repairs or problems with equipment are recorded and tracked to completion.</p>	Risk based	CC	13	January 2027	February 2027
<p><i>Risk L: Strategy</i></p> <p><u>Annual Governance Statement (AGS)</u></p> <p>Our review will consider how the Force and OPCC have produced the AGS, including sample testing of data included within the AGS and whether this aligns to source documentation.</p>	Risk based	CC and PCC	12	August 2026	September 2026

	Audit approach	Assurance for Chief Constable / PCC	Days	Proposed timing	Proposed JIAC Reporting
<p><i>Risk C: Governance</i></p> <p><i>Risk: Governance (OPCC)</i></p> <p><u>Police and Crime Plan</u></p> <p>Our review will consider the approach undertaken to monitor progress against the Police and Crime Plan, including the reporting mechanisms in place and the response to underperformance or concerns.</p>	Risk based	CC and PCC	10	July 2026	September 2026
<p><i>Risk H: Partnership and Collaboration</i></p> <p><i>Risk: Partnership and Collaboration (OPCC)</i></p> <p><u>Collaborations</u></p> <p>A review to assess how the collaborations with other partners are managed and monitored. This will include consideration of the collaboration against the original business case, whether the collaboration is achieving value for money, and whether key objectives and outcomes are being met.</p> <p>Our review will also focus on the North East Regional Organised Crime Unit (NEROCU) collaboration.</p>	Risk based	CC and PCC	13	January 2027	February 2027
<p><i>Risk A: Digital Policing</i></p> <p><u>Digital Policing</u></p> <p>Two audits will be undertaken by our Technology Risk Specialists which are:</p> <ul style="list-style-type: none"> Operational resilience. Asset management (including licence management). 	Risk based	CC and PCC	30	October 2026	February 2027
Core Assurance					
<p><u>Key Financial Controls – Payroll</u></p> <p>A key financial controls audit to review payroll processes. This audit will include a review of new starters and leavers, amendments to payroll data, as well as the scrutiny and approval process for payroll runs.</p>	System based	CC and PCC	10	June 2026	September 2026

	Audit approach	Assurance for Chief Constable / PCC	Days	Proposed timing	Proposed JIAC Reporting
<p><u>AI Framework</u></p> <p>An audit to assess the framework in place for the usage of AI. This will include how the Force has considered using AI, whether policies and guiding principles are in place, and how awareness regarding the use of AI is undertaken.</p>	System based / Advisory	CC and PCC	13	December 2026	February 2027
<p><u>Procurement</u></p> <p>The Procurement Act 2023 has established new processes for procuring goods and services for organisations in the public sector (including the Force).</p> <p>A review will be undertaken to assess the procurement control framework, and how the Force and OPCC are compliant with the new regulations introduced. We will also consider other procurement related areas, such as the monitoring of contract expenditure, the use of waivers, and whether a contract register is in place and up to date.</p>	System based	CC and PCC	14	February 2027	June 2027
Other Internal Audit Activity					
<p><u>Management</u></p> <p>This will include:</p> <ul style="list-style-type: none"> • Annual planning. • Preparation for, and attendance at, JIAC. • Regular liaison and progress updates. • Liaison with external audit and other assurance providers. • Preparation of the annual opinions. 	-	-	20	Throughout the year	
<p><u>Follow Up of Previous Internal Audit Management Actions</u></p> <p>To meet internal auditing standards, and to provide assurance on action taken to address actions previously agreed by management.</p> <p>We will perform one visit during the year.</p>	-	CC and PCC	6	August 2026	September 2026

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

Working with other assurance providers

The Joint Independent Audit Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers (external audit and HMICFRS for example), such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

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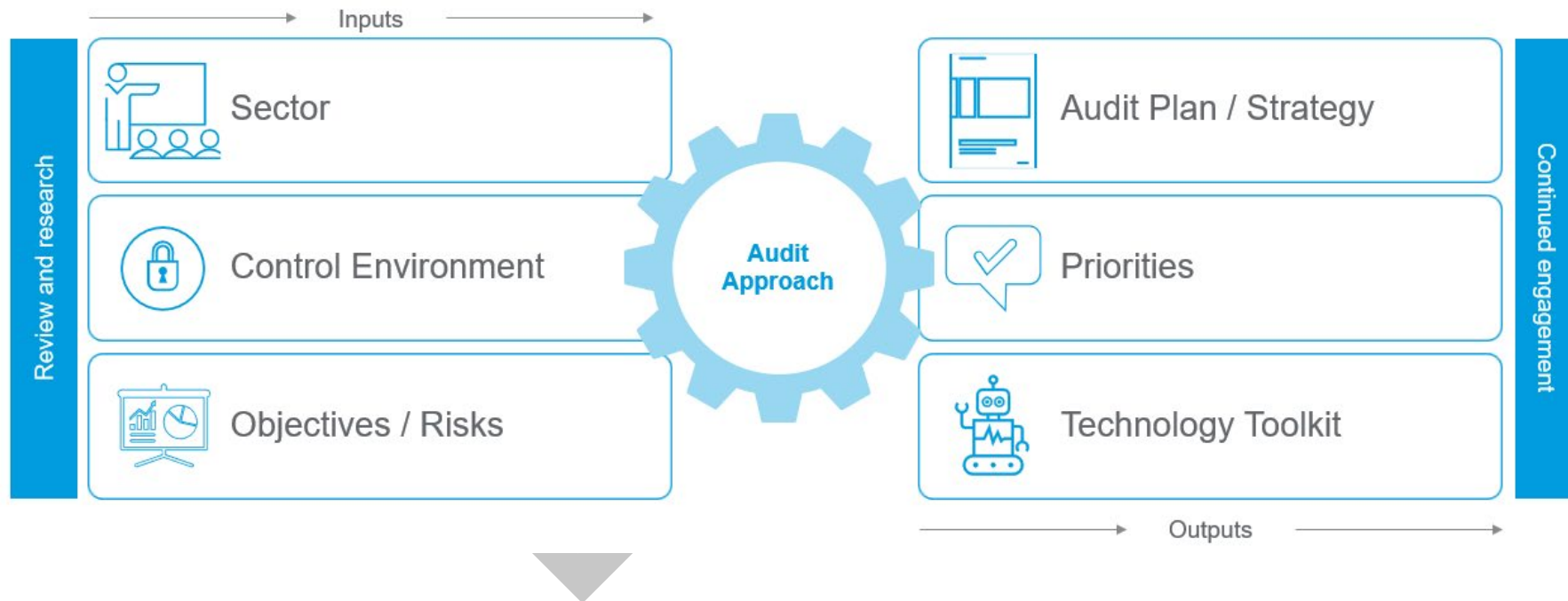
1.2 INTERNAL AUDIT METHODOLOGY

Our approach to developing your internal audit plan is based on analysing your organisational objectives, risk profile and assurance framework as well as other factors affecting Northumbria Police and Northumbria Police and Crime Commissioner in the year ahead, including changes within the sector. We also discuss audit priorities and coverage with management and the Joint Independent Audit Committee.

Risk management processes

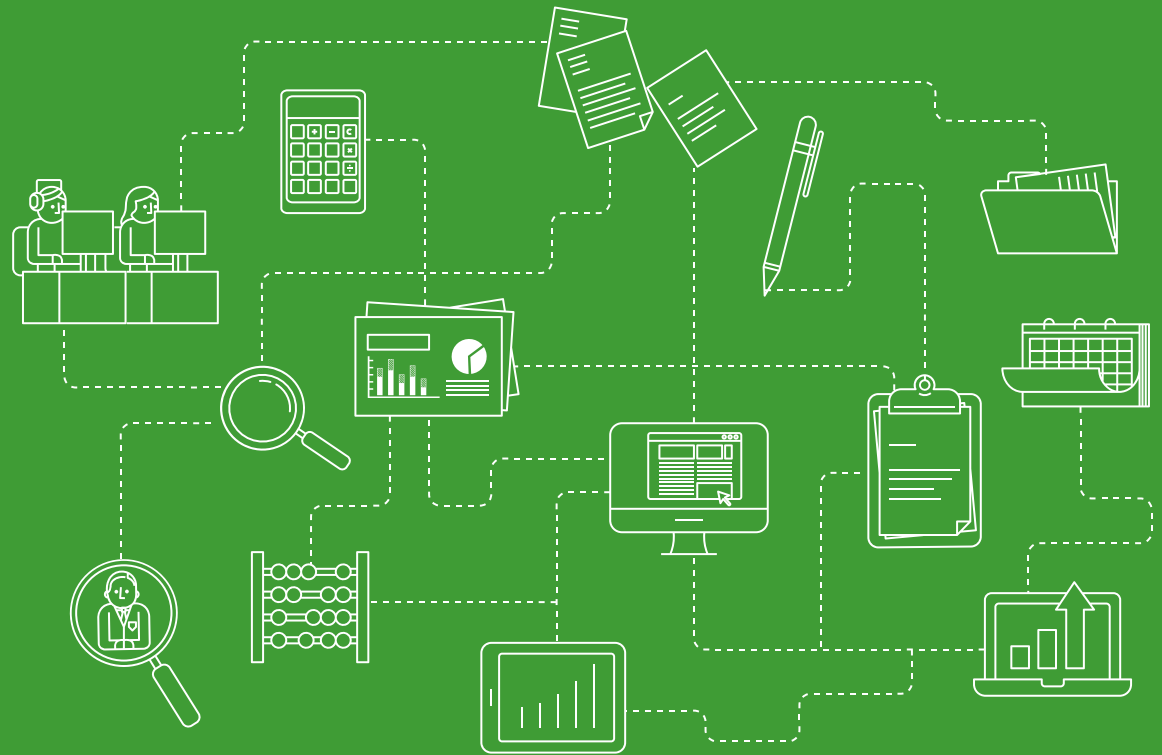
We have evaluated your risk management processes and consider that we can place reliance on your risk registers / assurance framework to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management, including the Deputy Chief Constable, Joint CFO, and OPCC Chief of Staff, and the Joint Independent Audit Committee to develop your annual audit plan and high-level strategic plan (See Section 2.1 and 3.2).

Figure A: Audit considerations when developing the Internal Audit Strategy.



Your Internal Audit Strategy 2026/27 – 2031/32

02



2.1 INTERNAL AUDIT STRATEGY 2026/27 – 2031/32

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1.1 above, as well as our own view of the risks facing the sector as a whole.

Strategic Risks and Audit Area	2026/27	2027/28	2028/29	2029/30	2031/32
Force and OPCC Risks					
Risk A – Digital Policing	✓ (Operational resilience and Asset management (including licence management))	✓ (Cyber Security Audit)	✓ (Business Continuity)	✓ (Disaster Recovery)	✓ (Cyber)
Risk B – Finance	✓	✓	✓	✓	✓
Risk – Finance (OPCC)	(Key Financial Controls – Accounts Payable)	(Pensions)	(Financial Planning / MTFS)	(Key Financial Controls – Accounts Receivable)	(Key Financial Controls – Accounts Payable)
Risk C – Governance	✓	✓		✓	✓
Risk – Governance (OPCC)	(Police and Crime Plan)	(Combined Authority Transition)		(Business Continuity)	(Police and Crime Plan)
Risk D – Information and Data Management					
		✓ (Intelligence Management)	✓ (Documentation Retention)	✓ (GDPR)	
Risk E – Information and Data Quality					
			✓ (Crime Recording)	✓ (Data Quality)	✓ (Performance Management)
Risk F – Infrastructure and Assets					
	✓ (Estates)	✓ (Fleet Management)		✓ (Asset Management)	✓ (Estates)
	✓				

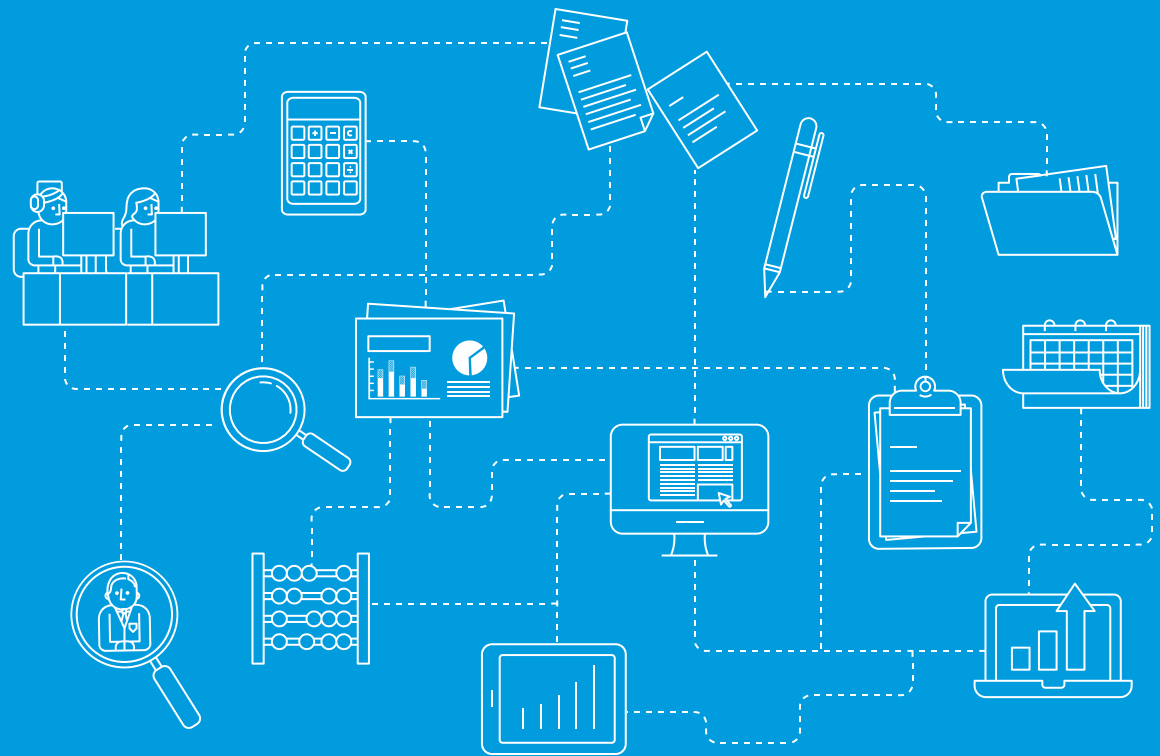
Strategic Risks and Audit Area	2026/27	2027/28	2028/29	2029/30	2031/32
	(Equipment Maintenance)				
Risk G – Operational		✓ (Management of Offenders)	✓ (Seized Exhibits)	✓ (POCA / Cash & Drug Seizures)	✓ (Communications)
Risk H – Partnership and Collaboration	✓	✓	✓		✓
Risk – Partnership and Collaboration (OPCC)	(Collaborations)	(Grant Management)	(HMICFRS)		(Collaborations)
Risk I – Projects/Programmes			✓ (Project Management)		
Risk J – Public Confidence		✓	✓	✓	
Risk – Public Confidence (OPCC)		(Complaints)	(Ethics)	(Safeguarding)	
Risk K – Regulation and Standards	✓ (Vetting) ✓ (Firearms Licensing)	✓ (Freedom of Information and Subject Access Requests (SARs))	✓ (Victim's Code)		✓ (Vetting)
Risk L – Strategy	✓ (Annual Governance Strategy (AGS))				
Risk M – Workforce		✓ (HR)	✓ (Training)	✓ (Overtime)	✓ (Equality and Diversity)
Core Assurance					
Key Financial Controls – Payroll (year 1)	✓		✓		✓

Strategic Risks and Audit Area	2026/27	2027/28	2028/29	2029/30	2031/32
Note – future years will include deep dive audits into different KFC areas (GL, Treasury Management etc)					
AI Framework	✓			✓	
Procurement	✓			✓	
Expense Claims					✓
Risk Management		✓			✓
Other Internal Audit Activity					
Follow Up of Previous Internal Audit Management Actions	✓	✓	✓	✓	✓

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Your Internal Audit Service and Internal Audit Charter

03



3.1 YOUR INTERNAL AUDIT SERVICE

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Global Internal Audit Standards in the UK Public Sector. Our next external quality assessment (EQA) will take place in 2026.

Under the Standards, internal audit services are required to have an EQA every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA.

The external review concluded that RSM 'generally conforms*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

3.2 INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, mandate, authority, role and responsibilities for the internal audit service for Northumbria Police. The establishment of a charter is a requirement of the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. Our internal audit services are designed to conform with the Global Internal Audit Standards in the UK Public Sector.

Approval of the charter is the responsibility of the Joint Independent Audit Committee. The internal audit service is provided by RSM UK Risk Assurance Services LLP ('RSM').

Purpose

The purpose of the internal audit function is to strengthen Northumbria Police's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight. We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives.

Mandate

Authority

In approving this Charter, Northumbria Police grants RSM the mandate to provide the JIAC and senior management with objective assurance, advice, insight and foresight.

The internal audit team is authorised by the JIAC to:

- Have full and unrestricted access to all functions, records, data, information, property and personnel which it considers necessary to fulfil its role.
- Have full and free access to the JIAC.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The Head of Internal Audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.

- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Dan Harris (acting as your Head of Internal Audit). The independence of RSM is assured by the internal audit service reporting to the Chief Constable, with further reporting lines to the Deputy Chief Constable, Joint Chief Finance Officer, and Chief of Staff (OPCC).

Through this charter, RSM confirms the organisational independence of internal audit annually. Should any changes in governance structure arise during the year, limiting independence, this will be brought to attention and the safeguards put in place communicated.

Circumstances may justify a follow-up discussion between the Head of Internal Audit, JIAC, and senior management on the internal audit mandate or other aspects of the charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the Head of Internal Audit, JIAC, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

To assist the assessment; RSM is able to remain independent for the following reasons:

- As an outsourced provider of internal audit services to Northumbria Police, independence is inherent in our delivery and audit methodology.
- Our internal auditors do not have any operational responsibilities across Northumbria Police.
- No member of the audit team is employed by Northumbria Police.
- The Head of Internal Audit reports to the Chief Constable, Deputy Chief Constable, Joint CFO, Chief of Staff (OPCC), and Joint Independent Audit Committee.
- RSM methodology includes a second partner review (by another Head of Internal Audit who does not work on Northumbria Police of the annual plan, the year-end annual report and opinion.
- The Internal Audit Charter details our role and responsibilities and the authority we have which enables us to undertake our internal audit service.

The Head of Internal Audit has unrestricted access to the Chair of the Joint Independent Audit Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Internal audit conforms with the Global Internal Audit Standards which includes the principles and standards of ethics and professionalism. Internal auditors maintain an unbiased mental attitude. This allows auditors to perform engagements objectively, and without their judgment on audit matters impacted by others, either in fact or appearance.

Conflicts of interest may arise where RSM provides services other than internal audit to Northumbria Police. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Board. The nature of the disclosure will depend upon the potential impairment, and it is important that our role does not appear to be compromised in reporting the matter to the Joint Independent Audit Committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Joint Independent Audit Committee oversight

In establishing the internal audit function, ensuring it is positioned independently and overseeing performance, the Joint Independent Audit Committee will:

- Support and champion the mandate of internal audit, enabling it to fulfil its objectives, and working with senior management, enable unrestricted access to information and records.
- Discuss with the Head of Internal Audit and senior management internal audit's authority, role, responsibilities, scope and types of services (assurance / advisory).
- Establish and protect the internal audit function's independence and ensure a direct reporting relationship, allowing the Head of Internal Audit to discuss matters with the Joint Independent Audit Committee without senior management present.
- Review, discuss other topics for inclusion, and approve annually the internal audit charter. This includes approving the mandate, the scope and internal audit services.
- Participate in discussions with the Head of Internal Audit and senior management about the 'essential conditions' in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Review the internal audit charter annually with the Head of Internal Audit to consider changes affecting the organisation, such as changes in the type, severity, and interdependencies of risks.
- Approve the risk-based internal audit plan.
- Appoint and remove the internal audit function and approve our fee.
- Collaborate with senior management to determine the competencies, experience and qualifications required of the Head of Internal Audit.

- Review internal audit performance and receive communications from the Head of Internal Audit on performance relative to plan.
- Discuss the quality assurance and improvement programme (QAIP) and review the QAIP annual briefing sharing themes and learning from reviews undertaken across our client base.
- In collaboration with senior management, ensure internal audit has the resource to fulfil the mandate and internal audit plan. At least annually, discuss with the Head of Internal Audit whether internal audit scope and resource is sufficient.

Internal audit responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Board and senior management for review. The plan will be approved each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Joint Independent Audit Committee. The plan will be updated in response to organisational changes including risks, operations, programmes, systems and controls. All significant changes are communicated to the Joint Independent Audit Committee and senior management.
- Ensure the internal audit team consists of professional audit staff with the competencies, knowledge, skills, and experience to meet the requirements of the Global Internal Audit Standards in the UK Public Sector and enable internal audit to fulfil its mandate.
- Establish a quality assurance and improvement programme to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives and improving the efficiency of governance, risk management and internal control processes.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Identify themes, trends and emerging issues that could impact the organisation and where appropriate communicate matters to the board and senior management.
- Communicate the impact of resource limitations on the internal audit plan to the board and senior management.
- Report regularly to the board to demonstrate the performance of the internal audit service.

- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of Internal Audit cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the board.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner(s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Senior Management who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.
- Board of directors – The highest-level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, 'board' may refer to a committee or another body to which the governing body has delegated certain functions (eg an Audit Committee).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / client portal.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Board. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Joint Independent Audit Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service, we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM UK Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties. Internal auditors are accountable for confidentiality and safeguarding records and information.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. We have in place a quality assurance and improvement programme, consisting of both internal and external assessments. Internal assessments are led by a dedicated Quality Assurance Department who undertake these reviews. Under the standards, internal audit services are required to have an external quality assessment every five years. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the Joint Independent Audit Committee.

The Head of Internal Audit will report annually to the board and senior management regarding the internal audit function's conformance with the Standards, which is assessed through a quality assurance and improvement programme. Themes and learning from Quality Assurance Department reviews undertaken across our client base will be shared. This includes how the principles in the Internal Audit Code of Practice have been applied.

Fraud

The Board recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Board recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the Joint Independent Audit Committee is also approving the internal audit charter.

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FOR FURTHER INFORMATION CONTACT

Dan Harris, Partner and Head of Internal Audit

Anastasia Mullen, Associate Director

Email: Daniel.Harris@rsmuk.com

Email: Anastasia.Mullen@rsmuk.com

We are committed to delivering an excellent client experience every time we work with you. If you have any comments or suggestions on the quality of our service and would be happy to complete a short feedback questionnaire, please contact your RSM client manager or email admin.south.rm@rsmuk.com.

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Northumbria Police and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.