



# Staffordshire Commissioner and Chief Constable of Staffordshire Police

Joint Audit Completion Report  
Year ended 31 March 2025

February 2026

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## Additional documents presented

Draft letter of management representations	
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### Purpose of this report

This report highlights the significant findings arising from the audit. We are responsible for performing the audit in accordance with International Standards on Auditing (UK), and the National Audit Office Code of Audit Practice and associated Auditor Guidance Notes.

Our audit is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Police and Fire Commissioner (PCC) and the Chief Constable (CC). Under the Code of Audit Practice, we are also required to consider the PCC and the CC's arrangements for securing economy, efficiency and effectiveness in its use of resources and to report any significant weaknesses we identify. However, our audit is not designed to test all internal controls or identify all areas of control weakness. As such, our work cannot be relied upon to disclose all errors or other irregularities, or to include all possible improvements in internal control that a more extensive examination might identify.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements, as a whole, are free from material misstatement, whether caused by fraud or error.

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# Executive summary



# Executive summary

This section summarises, for the benefit of Those Charged with Governance, the status of our audit of the Police and Fire Commissioner for Staffordshire ('the PCC') and the Chief Constable for Staffordshire ('the CC') for the year ending 31 March 2025 and the key findings and other matters arising from our audit.

## Financial Statements

As at the date of writing, we have substantially completed our planned audit work. Where our work is concluded we have set out the details of the work undertaken and our findings in the body of this report. Where audit work has been started but not yet concluded we have highlighted the work undertaken to date and the reasons why the work is not able to be concluded.

From the work we have completed, we have identified 3 adjustments to the financial statements. We have extrapolated these issues, and the extrapolated amount comes to £2.2m. As the amounts are extrapolated and not material, both individually and cumulatively, management is not proposing to amend the financial statements, and we do not disagree with this. The PCC and the Chief Constable are asked to inform us if they disagree with management's proposals not to amend the financial statements for the unadjusted misstatements.

We have identified several disclosure amendments. Management has agreed to amend the accounts for all of these.

We have also raised recommendations for management as a result of our work.

The quality of the accounts and evidence provided was good. Management have been responsive and helpful in facilitating the audit which has enabled us to progress the majority of our work in an efficient timescale. However, due to the challenges of undertaking an audit where the previous 2 years have been disclaimed because of the local authority backstop, it has not been possible to regain full assurance, and it is not possible for us to undertake sufficient work to support an unmodified audit opinion ahead of the backstop date of 27 February 2026. Undertaking work on balances that have not been subject to audit for several years necessarily means the audit on the current year balances takes longer than would ordinarily be the case. The limitations imposed from this lack of assurance on opening balances and closing balances in key areas means we are unable to form an opinion on the 2024/25 financial statements. We therefore intend to disclaim our opinion.

We are also unable to conclude that the other information included in the statement of accounts is consistent with our knowledge of the PCC, CC and Group and the financial statements we have audited. This is because we intend to disclaim our opinion.

Under International Standards on Auditing (UK) and the National Audit Office (NAO) Code of Audit Practice 2024, we are required to report whether, in our opinion:

- ▶ The financial statements give a true and fair view of the PCC, CC and Group's financial position and income and expenditure for the period; and
- ▶ The PCC, CC and Group's financial statements have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code') 2024/25 and the Local Audit and Accountability Act 2014.

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



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# Executive summary

## Financial Statements

The audit has progressed well and substantially achieved the objectives for 2024/25. Our audit plan, reported in June 2025, set out the overarching approach to build-back that we had developed across the four-year period from 2024/25 to 2027/28. Management is engaged with the build back process and, following this year's audit, the journey to build back has moved forward from the position at the end of 2023/24. Auditing balances, systems and processes that have not been subject to audit for several years has meant "normal" audit work has taken longer than would ordinarily be the case. In addition, designing and implementing our build-back approach has involved substantial technical consultation and senior level input, and has added considerable complexity for the audit team.

We have not altered our audit plan as formally presented to you on 10 June 2025.

Our audit approach has been based on gaining a thorough understanding of the Group, PCC and the CC's control environment and has been risk based. This included:

- ▶ An evaluation of the Group, PCC and the CC's internal control environment, including the IT systems and controls; and
- ▶ Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to our key audit risks.

*At the completion of the audit, following the audit committee, we are required to undertake the following procedures:*

- ▶ Receipt of the response to our enquiries made of the Commissioner as "Those Charged with Governance" for the PCC's office and the group
- ▶ Final senior reviews and engagement lead 'stand back' review of the file
- ▶ Receipt and review of the management representation letter
- ▶ Receipt and review of the final, amended statement of accounts, narrative report and annual governance statement, appropriately signed and dated
- ▶ Response from management regarding subsequent events up to the date of the opinion
- ▶ Submission of our Whole of Government Accounts (WGA) return to the National Audit Office (NAO).



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# Executive summary

## Value for money

We have completed our value for money work. Our detailed findings are reported in our Auditor's Annual Report.

We have not identified any significant weaknesses in the PCC and CC's arrangements and so are satisfied that the PCC and the CC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are required to consider whether the PCC and the CC has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, under the NAO Code of Audit Practice.

## Statutory duties

We have not exercised any of our additional statutory powers and duties.

The Local Audit and Accountability Act 2014 (the Act) requires us to:

## Certificate

We will not be able to certify the closure of the audit until:

- ▶ we have completed all work we are requested to undertake as a component auditor for Whole of Government Accounts (WGA), and we receive confirmation from the National Audit Office that the Comptroller and Audit General has certified the WGA for 2024/25.

- ▶ report to you if we have applied any of the additional powers and duties available to us under the Act; and
- ▶ certify the closure of the audit.



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# Financial statements



# Quality Indicators

The following metrics are important in assessing the reliability of your financial reporting and response to the audit.

KEY:

RED

Significant improvement required

AMBER

Developing

GREEN

Mature

Metric	Grading	Commentary
Quality and timeliness of draft financial statements	GREEN	The draft financial statements were received from management in a timely manner in line with the national deadline. The draft financial statements were complete and of good quality.
Quality of working papers provided and adherence to timetable	GREEN	<p>Overall, the working papers provided were of good quality and provided on a timely basis. There were slight delays in receiving some of the working papers, mainly due to limited capacity within the finance team. This did not materially impact the audit timetable but did mean that certain substantive procedures began later than originally planned.</p> <p>Most working papers were of an acceptable standard, though a few were challenging to follow and required further clarification. In these cases, we requested updated versions, which management subsequently provided.</p> <p>Requests were generally turned around within agreed timelines, with only a small number of items remaining outstanding for several weeks where queries were more complex and in-depth. However, while responses were often timely, the quality was not always sufficient for audit purposes, resulting in additional follow-up queries from the audit team.</p> <p>Overall, despite these points, there were no significant issues, and the information provided ultimately allowed us to complete our audit procedures as planned. None of the issues mentioned were significant enough to materially impact the progress of the audit.</p>
Timing and quality of key accounting judgements	GREEN	<p>While we have commenced our review of the significant and key accounting estimates, we are not yet able to conclude on their timing or quality because the detailed testing of these key estimates and judgements is still in progress.</p> <p>From work performed to date, we note the following:</p> <ul style="list-style-type: none"> <li>Valuation of land and buildings: no issues identified from the limited procedures performed in year (see page 24 and 43 for further details).</li> <li>Valuation of pension liability: no issues identified from the limited procedures performed in year (see page 26, 44 and 45 for further details)</li> </ul>

# Quality Indicators

The following metrics are important in assessing the reliability of your financial reporting and response to the audit.

KEY:

RED

Significant improvement required

AMBER

Developing

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Mature

Metric	Grading	Commentary
Access to finance team and other key personnel	GREEN	Access to the finance team has generally been good, and most planned periods of leave were communicated to us in advance, allowing us to manage our audit timetable effectively.
Quality and timeliness of narrative report and annual governance statement	GREEN	At the time of writing this report we have no issues to report although we currently have one outstanding query on the Annual Governance Statement. Notwithstanding this, we are unable to conclude that the other information included in the statement of accounts is consistent with our knowledge of the PCC, CC and the Group and the financial statements we have audited. This is because we intend to disclaim our opinion.
Volume and magnitude of identified errors	GREEN	<p>From the work we have been able to undertake, we have identified amendments required in the financial statements which are detailed later in this report. The consist primarily of disclosure or presentational issues which management has agreed to amend the accounts in respect of these matters.</p> <p>The imposition of the backstop has created time constraints which impede our ability to complete all necessary procedures to obtain sufficient appropriate audit evidence and to fulfil the objectives of all the relevant ISAs (UK) in relation to balances.</p> <p>As a result of the material and pervasive nature of missing assurance, and the imminent statutory backstop date of 27 February 2026 for the 2024/25 audit, we intend to disclaim the audit in our audit report.</p>



# Audit Timeline

The following metrics are important in assessing the reliability of your financial reporting and response to the audit.



Planning	Interim	Period end: 31 <sup>st</sup> March	Final accounts	Audit Committee	Completion	Sign off
<ul style="list-style-type: none"> <li>▶ Identify changes in your business environment</li> <li>▶ Determine materiality</li> <li>▶ Scope the audit</li> <li>▶ Risk assessment</li> <li>▶ Planning meetings with management</li> <li>▶ Planning requirements checklist to management</li> <li>▶ Issue audit plan</li> </ul>	<ul style="list-style-type: none"> <li>▶ Document control design and effectiveness</li> <li>▶ Discuss audit plan with audit committee</li> <li>▶ Early testing</li> </ul>		<ul style="list-style-type: none"> <li>▶ Regular updates with management</li> <li>▶ Undertake audit testing</li> <li>▶ Review of narrative report and annual governance statement</li> <li>▶ Conclude on significant risk areas</li> <li>▶ Report observations on other risk areas, management judgements</li> <li>▶ Draft Audit Completion Report</li> <li>▶ Close-out meeting with management</li> </ul>	<ul style="list-style-type: none"> <li>▶ Discuss audit findings with audit committee</li> <li>▶ Issue draft Audit Findings (ISA260) report</li> <li>▶ Issue Auditor's Annual Report (by 30 November)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Subsequent events procedures</li> <li>▶ Management representation letter</li> <li>▶ Sign financial statements</li> </ul>	<ul style="list-style-type: none"> <li>▶ Sign audit report opinion</li> <li>▶ Issue delayed audit certificate</li> </ul>



# Materiality

We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’. The assessment of what is material is a matter of professional judgement and is affected by our risk assessment and the needs of users of the financial statements.

At the planning stage of the audit, we determined overall joint materiality as £3.9m and joint performance materiality as £2.7m. On production of the financial statements we reconsidered our materiality determination as communicated in the Audit Plan. We considered it appropriate to update our materiality due to the change in gross expenditure for 2024/25.

We have determined that no specific materiality levels needed to be set for this audit.

	Group £000	PCC £000	CC £000	Explanation
Overall materiality for the financial statements	6,700	6,100	4,200	This is approximately 2% of gross revenue expenditure based on the 2024/25 draft financial statements. We consider this to be the principal consideration for the users of the financial statements when assessing financial performance of the PCC and Chief Constable. We use the lowest materiality figure for all entities in the Group. The financial statements are considered to be materially misstated where total errors exceed this value.
Performance materiality	4,700	4,200	2,800	Performance materiality has been set at 70% of overall materiality. This is based on the internal control environment of the PCC and Chief Constable and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial threshold	330	300	210	This is set at 5% of the overall materiality calculation. We use the lowest materiality figure for all entities in the Group. Individual errors above this threshold are communicated to those charged with governance.

**Clearly trivial:** matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria;

**Material:** an omission or misstatement that would reasonably influence the users of the financial statements.



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# Group audit

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

For periods commencing on/after 15 December 2023, the auditing standard for group engagements (ISA (UK) 600) has been revised. The key changes that you may see reflected in the audit findings have been outlined below:

- ▶ Revisions to the definitions of a group and component extend the scope of the ISA to encompass a wider range of group scenarios. This means that a single legal entity could fall under the scope of the revised ISA600 based on its internal structure, while multiple legal entities may sometimes be defined as a single component
- ▶ There are increased leadership responsibilities and involvement requirements for the group engagement leader, particularly when component auditors are utilised
- ▶ In the UK, there is a specific requirement for all component auditors to confirm their ability and willingness to comply with the FRC's Ethical Standard, regardless of their local jurisdiction
- ▶ The analytical/desktop review designation, which triggered the lowest requirement for procedures deployed, has been removed from the scope of procedures performed over a component in response to risk

## Risks at the component level

The risks identified at the PCC, CC and Group are set out in this audit findings report. There are no additional risks identified in any of the other components above in respect of the Group audit.

Note that a component may require a statutory audit under UK or overseas company law irrespective of whether an audit is required for group reporting purposes. Management should therefore satisfy themselves that all UK and overseas company law requirements are adhered to on a component-by-component basis.

The table on the next page sets out the components within the group and our audit findings in respect of each component.



# Group audit

Component	Scope	Planned audit approach	Audit findings
Staffordshire Police, Fire and Crime Commissioner	Full scope	Full scope statutory audit performed as set out in this report, amended due to impact of disclaimer	Refer to key audit findings from page 14.
Chief Constable for Staffordshire Police	Full scope	Full scope statutory audit performed as set out in this report, amended due to impact of disclaimer	Refer to key audit findings from page 14.

**Full scope** Design and perform further audit procedures on the entire financial information of the component;  
**Specific scope** Design and perform further audit procedures on one or more classes of transactions, account balances or disclosures;  
**None** No further audit procedures required



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# Key audit findings



# Key audit findings: significant risks

This section includes a summary of audit findings relating to significant risk areas identified at planning and other risk areas that required special consideration or arose during the audit.

Significant risks are defined as risks that require special audit consideration and include risks of material misstatement that are close to the upper range of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement, or are required to be treated as significant risks due to requirements of auditing standards.

The table below summarises the significant risks. Detail behind each risk and the work undertaken is set out on the subsequent pages.

Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Approach to controls	Level of judgement / estimation uncertainty	Outcome of work
Management override of controls	Financial Statement Level	Yes	Assess design & implementation	Very high	Our testing over journals is complete and we have no matters to report from work performed in 2024/25. Due to the wider disclaimer position from the previous year, in line with our build back plan, we intend to disclaim the opinion for 2024/25.
Presumption of fraud in revenue and expenditure recognition	Assertion Level	Rebutted	Assess design & implementation	Low	We rebutted the risk of fraud in revenue and expenditure recognition at the planning stage. Standard procedures were required in respect of these balances. In line with our build back plan, we intend to disclaim the opinion for 2024/25.



# Key audit findings: significant risks

Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Approach to controls	Level of judgement / estimation uncertainty	Outcome of work
Valuation of land and buildings	Assertion Level	No	Assess design & implementation	High	We have substantially completed our procedures and they are currently being finalised in line with our build back plan. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.
Valuation of the defined pension fund net liability	Assertion Level	No	Assess design & implementation	High	We have undertaken initial agreement of the pension disclosures to the actuary's report and completed an IFRIC 14 assessment in line with our build-back plan. However, we are unable to reach a conclusion in this area until the next triennial fund valuation for the Local Government Pension Scheme, and the quintennial fund valuation for the Police Pension Fund, is finalised, which are scheduled for 2025/26. Along with the other factors outlined in this report, we plan to disclaim the opinion for 2024/25.



## Key audit findings: significant risks

Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Approach to controls	Level of judgement / estimation uncertainty	Outcome of work
Implementation of IFRS 16 – Chief Constable, PCC and Group	Assertion Level	No	Assess design & implementation	High	We have substantially completed our procedures, and they are currently being finalised in line with our build back plan. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.



# Key audit findings: significant risks

## Significant risks at the financial statement level

The table below summarises our conclusions on significant risks of material misstatement at the financial statement level for the 2024/25 accounts. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

### Management override of controls

Significant risk	Audit approach
<p><b>Management override of controls – PCC, CC and Group</b></p> <p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.</p> <p>Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.</p> <p><b>Risk of material misstatement:</b> Very High</p>	<p>We have performed the below procedures to mitigate risks of material misstatement in this area:</p> <ul style="list-style-type: none"><li>• Documented our understanding of the journals posting process and evaluated the design effectiveness of management controls over journals;</li><li>• Analysed the journals listing and determining the criteria for selecting high risk and/or unusual journals;</li><li>• Tested high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the PCC, CC and Group’s journals policy;</li><li>• Gained an understanding of the key accounting estimates and critical judgements made by management. We have also challenged assumptions and considered for reasonableness and indicators of bias which could result in material misstatement due to fraud; and</li><li>• Evaluated the rationale for any changes in accounting policies, estimate or significant unusual transactions.</li></ul>



# Key audit findings: significant risks

## Management override of controls continued...

### Audit findings and conclusion

Our testing over journals is complete. We have not identified any matters to report to you other than a matter related to journal controls.

However, we cannot draw finalised conclusions from this work as not all of the planned areas of testing for this significant risk have been completed. For instance, we have been unable to reach a conclusion on all accounting estimates used by management in the financial statements, including pension actuarial estimations, and therefore cannot fully conclude as to whether any management bias in significant account estimates exists, notwithstanding that our understanding of management's judgements and estimates applied to the financial statements does not indicate this may be the case. This is the expected outcome in a disclaimed audit situation and the time constraints imposed by the statutory backstop date. The key judgements in the financial statements for 2024/25 are documented later in this report.

Based on the above, we are unable to reach a final conclusion on this area. Along with the other factors explained in the report, we therefore plan to issue a disclaimer of opinion for the financial year 2024/25.

We have raised a recommendation for the PCC, Chief Constable and Group in respect of an identified control deficiency in authorisation of journals. This is set out later in this report.



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# Key audit findings: significant risks

## Significant risks at the assertion level for classes of transaction, account balances and disclosures

The following pages summarise conclusions in relation to significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures in the 2024/25 accounts.



# Key audit findings: significant risks

## Fraud in revenue recognition and expenditure

### Significant risk

#### Fraud in revenue recognition and expenditure (PCC, CC and Group)

Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240.

Having considered the nature of the revenue streams at the PCC, we consider that the risk of fraud in revenue recognition, comprising largely year-specific taxation or grant funding, can be rebutted due to their nature, as they carry little incentive or ability to manipulate. The Chief Constable's income comprises solely income received from the PCC and the risk of fraud in revenue recognition can similarly be rebutted due to the nature of this income stream.

We have also considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure, and we are satisfied that this is not a significant risk for the reasons set out below:

- Significant amount of expenditure is in relation to pay, and
- non-pay expenditure reflected in the PCC and CC's financial statements exhibits a straightforward nature, characterised by reduced subjectivity, and there is no incentive to management to manipulate expenditure.

#### Inherent risk of material misstatement:

- Revenue recognition (Occurrence, Accuracy and Cut-off): Low
- Debtors (Existence and Completeness): Low
- Expenditure recognition (Occurrence, Accuracy and Cut-off): Low
- Creditors (Existence and Completeness): Low



# Key audit findings: significant risks

## Fraud in revenue recognition and expenditure continued...

Audit approach	Audit findings and conclusion
<p>We have performed the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"> <li>• Documenting our understanding of the PCC and CC’s systems for revenue and expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements;</li> <li>• We have also agreed the revenue and expenditure balances from the financial statements to the General Ledger;</li> <li>• Substantively testing post and pre-year-end bank receipts and invoices raised in the Accounts Receivable system to ensure completeness and cut-off of transactions; and</li> <li>• Substantively testing post and pre-year-end bank payments and invoices received in the Accounts Payable system to ensure completeness and cut-off of transactions.</li> </ul> <p>We have started but not yet concluded on the below procedures due to the time constraints imposed by the backstop date:</p> <ul style="list-style-type: none"> <li>• Substantively testing material income and expenditure streams using analytical procedures and sample testing of transactions recognised for the year.</li> </ul> <p>We have been unable to perform the following procedures specifically designed to address this risk as a result of the back stop:</p> <ul style="list-style-type: none"> <li>• Evaluating the PCC, CC and Group’s accounting policies for recognition of income and compliance with the CIPFA Code.</li> </ul>	<p>In line with our build back plan, we have not evaluated the PCC, CC and Group’s accounting policies for recognition of revenue and expenditure and compliance with the CIPFA Code.</p> <p>Substantive testing of material revenue and expenditure streams has commenced in 2024/25. However, we are unable to conclude on this as in 2024/25, our priority was to support additional work undertaken on journals, ledger reconciliations, property, plant and equipment and significant balance sheet items.</p> <p>We have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK). Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.</p>



# Key audit findings: significant risks

## Valuation of land and buildings

### Significant risks

#### Valuation of land and buildings (key accounting estimate) – PCC & Group

Revaluation of other land and buildings should be performed with sufficient regularity so that carrying amounts are not materially misstated.

The PCC carries out a rolling programme of revaluations to ensure all property, plant and equipment required to be measured at fair value is revalued at least every five years.

Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2025.

The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.

This represent a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of other land and buildings and investment property as a significant risk.

#### **Inherent risk of material misstatement:**

Land and Buildings (valuation): High



# Key audit findings: significant risks

## Valuation of land and buildings continued....

Audit approach	Audit findings and conclusion
<p>Our planned procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none"><li>• Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;</li><li>• Evaluating the competence, capabilities and objectivity of management's valuation expert;</li><li>• Considering the basis on which the valuations are carried out and challenging the key assumptions applied;</li><li>• Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data;</li><li>• For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding;</li><li>• Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and</li><li>• Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.</li></ul>	<p>When performing the procedures outlined in our plan, we did not identify any unusual or unexpected valuation movements in the asset portfolio. We selected a sample of assets to test the underlying information used by the valuer to ensure it was complete and consistent with our understanding.</p> <p>We have substantially completed our procedures and are in the process of finalising our work. Our work was delayed due to difficulties encountered in reconciling the Fixed Asset Register with the accounts and trial balance (TB). We intend to conclude our work in this area within the next few weeks.</p> <p>Due to audit opinions on the prior years' financial statements being disclaimed, we also have no assurance over the opening balances of land and buildings. This means we have no assurance on the movements in year and cannot gain sufficient audit evidence on the material accuracy of the valuation of the land and buildings as at 31 March 2025.</p> <p>Due to the disclaimed opening balances, we are unable to reach a final conclusion on this area. Along with the other factors explained in the report, we therefore plan to issue a disclaimer of opinion for the financial year 2024/25. More detailed findings on our consideration of this estimate are contained later in this report.</p> <p>Our plan is to conclude our work on valuations of land and buildings for 2024/25 ahead of the 2025/26 audit.</p>



# Key audit findings: significant risks

## Valuation of pension assets and liabilities

Significant risks	Audit approach
<p><b>Valuation of defined pension fund net liability/asset (key accounting estimate) – Chief Constable, PCC &amp; Group</b></p> <p>An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 ‘Employee Benefits’, and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code.</p> <p>The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk.</p> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"> <li>Defined Pension fund net liability/asset (valuation): High</li> </ul>	<p>We had planned to perform the below procedures to mitigate risks of material misstatement in this area:</p> <ul style="list-style-type: none"> <li>Evaluating managements processes for the calculation of the estimate, the instructions issued to management’s expert (the actuary) and the scope of their work;</li> <li>Evaluating the competence, capabilities and objectivity of the actuary;</li> <li>Assessing the controls in place to ensure that the data provided to the actuary by the Chief Constable, PCC and their pension fund was accurate and complete;</li> <li>Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors’ expert;</li> <li>Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements;</li> <li>Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Chief Constable and PCC’s share of the investment valuations in the audited pension fund accounts’; and</li> <li>Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.</li> </ul>



# Key audit findings: significant risks

## Valuation of pension assets and liabilities continued...

### Audit findings and conclusion

We have performed the following procedures:

- Agree the pension disclosures to the IAS 19 report provided by the actuary;
- Assess that the asset ceiling applied by management is in line with IFRIC 14; and
- Agree the assumptions used by the actuary is within the range expected using an auditor's expert.

We have not been able to gain any assurance over year-on-year movements, interest costs, interest on assets, actual return on asset, share of assets and service costs due to the prior year balances being disclaimed, meaning we have no assurance over opening balances. These areas are directly influenced by the opening balances.

In addition, we have not been provided with assurance by the pension fund auditor over membership of the pension fund back to the last triennial valuation.

We wrote to the current pension fund auditor on 08 July 2025 requesting assurance over the membership data. No response was received until 25 November 2025. In this letter the pension fund auditor stated that in respect of the assurances we required of them, they had undertaken their procedures, and no exceptions were noted that they needed to report to us. However, this assurance is for the current year only and does not include assurance dating back to the previous triennial valuation. Obtaining such assurance is outside of management's control. The next triennial valuation takes place in 2025/26, and the current pension fund auditor should be able to provide the required assurance from this date.

We identified that a pension asset was incorrectly recognised in the 2022/23 financial statements, despite the restrictions on asset recognition under IFRIC 14. This issue was not detected in prior audits due to the disclaimer opinions issued on those financial statements. Management has corrected the recognition of the pension asset for 2023/24 and 2024/25; however, no adjustment was made to the 2022/23 figures. As a result, a third balance sheet is required to restate the opening position as at 1 April 2023. This has not been included in the 2024/25 financial statements, and we have therefore recorded it as an unadjusted disclosure misstatement on page 56.

Due to audit opinions on the prior years' financial statements being disclaimed, we have no assurance over the opening balances of the pension liability. This means we have no assurance on the movements in year and cannot gain sufficient audit evidence on the material accuracy of the valuation of the pension fund liability as at 31 March 2025.

Therefore, whilst we have undertaken all planned procedures, we are unable to reach a final conclusion on this area. Along with the other factors explained in the report, we therefore plan to disclaim the audit for the financial year 2024/25. More detailed findings on our consideration of this estimate are contained later in this report.



# Key audit findings: significant risks

Significant risks	Audit approach
<p><b>Implementation of IFRS 16 – Chief Constable, PCC and Group</b></p> <p>IFRS 16 was adopted and implemented by local government bodies under the Code of Audit Practice from 1 April 2024. Under IFRS 16 a lessee is required to recognise a right of use asset and associated lease liability in its Balance Sheet. This will result in significant changes to the accounting for leased assets and the associated disclosures within the financial statements for the year ended 31 March 2025.</p> <p>The implementation of this new accounting standard also represents a key accounting estimate made by management within the financial statement due to the size of the values involved and the subjectivity of the measurement upon recognition of the right of use asset and associated lease liability. We have therefore identified the implementation of IFRS 16 as a significant risk.</p> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"> <li>Implementation of IFRS 16 (valuation and completeness): High</li> </ul>	<p>We had planned to perform the below procedures to mitigate risks of material misstatement in this area:</p> <ul style="list-style-type: none"> <li>Assess the appropriateness of the PCC and Chief Constable’s approach to identification of leases captured within the scope of IFRS 16, with a particular focus on ensuring completeness of leases;</li> <li>Performing a walkthrough of the PCC and Chief Constable’s systems and processes to capture the data required to account for right of use lease assets and associated liability in accordance with IFRS 16;</li> <li>Review the PCC and Chief Constable’s accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard;</li> <li>Assess the existence, valuation, accuracy and completeness of the right of use assets and associated lease liabilities, and the related disclosures within the financial statements;</li> <li>Evaluate whether Right of Use assets and lease liabilities have been appropriately remeasured in line with the requirements of IFRS 16 as set out in the CIPFA Code.</li> </ul>



# Key audit findings: significant risks

## Audit findings and conclusion

We have performed the following procedures:

- Assess the appropriateness of the PCC and Chief Constable's approach to identification of leases captured within the scope of IFRS 16, with a particular focus on ensuring completeness of leases;
- Performing a walkthrough of the PCC and Chief Constable's systems and processes to capture the data required to account for right of use lease assets and associated liability in accordance with IFRS 16;
- Review the PCC and Chief Constable's accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard;
- Evaluate whether Right of Use assets and lease liabilities have been appropriately remeasured in line with the requirements of IFRS 16 as set out in the CIPFA Code.

As of the date of writing, we have the following observations:

- Management used an incremental borrowing rate based on a rate determined at the date of calculation rather than as at 1 April 2024, the date of IFRS 16 implementation. We recalculated the impact of applying the correct date and period to the incremental borrowing rate and identified a below trivial variance. On this basis, we are satisfied that there is no material misstatement in this calculation.
- There is one asset, Newcastle Hub, which is recognised as a right-of-use asset (£379k at 31 March 2025) with no corresponding liability due to it being a peppercorn rent. At the time of writing this report, we were still assessing the treatment of this. Should the outcome be that there is a misstatement in the CIES, the above value is not material to the financial statements.



# Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
PPE Existence & Ownership	<p>We have:</p> <ul style="list-style-type: none"> <li>• Reconciled the Fixed Asset Register to the financial statements.</li> <li>• Selected a sample of PPE assets for detailed testing.</li> <li>• Physically observed the selected assets to confirm their existence and to identify any indicators of impairment and obtained evidence for proof of ownership.</li> </ul> <p>The results of the work performed are summarised below:</p> <ul style="list-style-type: none"> <li>• We tested 13 Land &amp; Building assets, 3 Assets under Construction, 8 Vehicles, plant and equipment, and 2 Right-of-use assets;</li> <li>• We were able to gain assurance over 13/13 Land and Building, 3/3 AUC and 2/2 Right-of-use assets;</li> <li>• For the Vehicles, Plant and Equipment assets, we received evidence and were able to gain assurance over 5/8. We have not received sufficient appropriate evidence to support the other three sample items. One of these samples related to an asset which was in a secure unit and therefore could not be evidenced, and the other 2 samples related to assets that had been selected from the Fixed Asset Register, but which corresponded to numerous items. Due to the way that this was held on the Fixed asset register and the balance that it was held at, we were unable to obtain sufficient evidence to gain assurance over the full balance of this asset.</li> </ul>	<p>Our testing over this area is complete. We have identified the issues noted here.</p> <p>We have extrapolated these errors over the full population, and this results in an extrapolated error of £1.9m. This extrapolated error is not material.</p> <p>This has been reported in the Audit Adjustments section of this report.</p> <p>We have also raised a control recommendation to strengthen record keeping within the Fixed Asset Register.</p>



# Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
<p>PPE Additions <b>£14,415k</b></p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Agreed the ledger breakdown for additions to the General Ledger and Fixed Asset Register and the note for property, plant and equipment;</li> <li>• Selected samples for testing to verify accuracy, valuation and existence of the transactions; and</li> <li>• Tested 5 samples and noted no issues.</li> </ul>	<p>Our testing over this area is complete. We have not identified any matters to report to you.</p>
<p>PPE Disposals <b>Cost £3,223k</b> <b>Accumulated depreciation £2,245k</b></p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Agreed the ledger breakdown for disposals to the General Ledger and Fixed Asset Register and the note for property, plant and equipment;</li> <li>• Selected samples for testing to verify accuracy and occurrence of the transactions, where we have noted the following:               <ul style="list-style-type: none"> <li>○ We tested 5 samples;</li> <li>○ 1 sample related to a disposal which happened in 2016 and was still being held on the FAR at nil NBV. As this was correcting a prior period error we were able to pass the item, but we have raised a recommendation around the cleansing of the FAR.</li> <li>○ 1 sample we identified was a reclassification due to the implementation of IFRS 16 in 2024/25, and the asset was not actually disposed of. This sample item was for £79k. At the time of reporting we were assessing the impact of this on the accounts;</li> <li>○ 3 of the samples we identified had misstatements due to the accounting treatment used for the recognition of the gain or loss on disposal. The closing NBV of the disposed asset was being taken to the gain or loss in CIES, rather than the proceeds from the sale. The error identified in these 3 samples was £49k. When extrapolated across loss/(gain) on disposal population this gave a below trivial variance. We have not reported this as an adjustment, but have raised as a control recommendation.</li> </ul> </li> </ul>	<p>We have completed our procedures but are not able to conclude our work for the reasons set out to the left.</p>



# Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Depreciation and amortisation <b>£10,461k</b>	We have: <ul style="list-style-type: none"> <li>• Reconciled the depreciation of non-current assets as per the note in the financial statements to the GL.</li> <li>• Agreed the depreciation expense shown in the financial statements to the FAR.</li> <li>• Performed analytics on the depreciation expense for accuracy and completeness.</li> <li>• We were able to confirm the in-year expense shown</li> </ul>	Our testing over this area is complete. We have not identified any matters to report to you.
Impairments and revaluations <b>£1,164k</b>	We have: <ul style="list-style-type: none"> <li>• Reconciled the impairment and net revaluation movements of non-current assets as per the note in the financial statements to the trial balance;</li> <li>• Agreed the balance shown in the financial statements to the Fixed Asset Register; and</li> <li>• We were unable to confirm the in-year expense shown as this is a balancing figure calculated using the disclaimed opening balance and, therefore, we are unable to conclude the expense is correctly accounted for.</li> </ul> <p>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area.</p>	We have completed our procedures but are not able to conclude our work for the reasons set out to the left.
Cash and cash equivalents <b>£26,450k</b>	We have: <ul style="list-style-type: none"> <li>• Obtained an understanding of process and control over cash and cash equivalents;</li> <li>• Agreed the ledger breakdown to the trial balance and supporting notes for cash and cash equivalents;</li> <li>• Obtained and tested bank reconciliation statement for the bank accounts as at the year- end where reconciling items were noted;</li> <li>• Sought direct confirmation from the financial institutions, with management’s consent, for the value of each bank accounts as at 31 March 2025 and have received the responses. No issues has been identified in the balances confirmed;</li> </ul> <p>No issues noted in our testing.</p>	Our testing over this area is complete. We have not identified any matters to report to you.



# Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
<p>Debtors <b>£38,365k</b></p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Agreed the ledger breakdown to the Trial Balance and supporting notes for short-term debtors.</li> <li>• Selected samples to verify accuracy and existence of the balances as at year-end.</li> </ul> <p>The results of the work performed are summarised below:</p> <ul style="list-style-type: none"> <li>• We have sampled a residual population of £17,078k, which gave us a sample to test of 7 items. Gained assurance over 7/7 samples; no issues identified.</li> <li>• We also tested in full £21,052k consisting of 5 items. We received evidence for all items and have identified a variance in the Collection Fund Debtors testing, which we are currently discussing with management.</li> </ul> <p>From our expenditure completeness testing, we identified a prepayment for a 2025/26 software license. This was incorrectly accounted for in 2024/25 and resulted in overstatement of both the debtors and creditors balance by £224k. Extrapolating this error over the debtors residual balance gives an extrapolated error of £1.7m overstatement. This extrapolated error is not material to the financial statements.</p> <p>At the time of reporting, we were also in discussions with management regarding two remaining queries. These relate to the treatment of Debtors and Creditors currently recognised in the Chief Constable accounts. We are assessing whether these balances should instead be recognised within the Police and Crime Commissioners accounts.</p> <p>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area.</p>	<p>We have started but not been able to conclude our work for the reasons set out to the left.</p> <p>The errors identified in the work undertaken are set out to the left and are documented in further detail in the Audit Adjustments section of this report.</p>



# Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
<p>Creditors <b>£39,838k</b></p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Agreed the ledger breakdown to the TB and supporting notes for short-term creditors;</li> <li>• Selected a sample of transactions to verify accuracy and existence of the balances as at year-end.</li> </ul> <p>The results of the work performed are summarised below:</p> <ul style="list-style-type: none"> <li>• We have sampled a residual population of £14,445k, which gave us a sample to test of 5 items. We have gained assurance over 5/5 samples; no issues identified.</li> <li>• We also tested in full £24,246k comprising 6 items. We received evidence for all items and have identified a variance in the Collection Fund Debtors testing, which we are currently discussing with management.</li> </ul> <p>From our expenditure completeness testing, we identified a prepayment for a 2025/26 software license. This was incorrectly accounted for in 2024/25 and resulted in overstatement of both the debtors and creditors balance by £224k. Extrapolating this error over the debtors residual balance gives an extrapolated error of £1.7m overstatement. This extrapolated error is not material to the financial statements.</p> <p>At the time of reporting, we were also in discussions with management regarding two remaining queries. These relate to the treatment of Debtors and Creditors currently recognised in the Chief Constable accounts. We are assessing whether these balances should instead be recognised within the Police and Crime Commissioners accounts.</p> <p>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area.</p>	<p>We have started but not been able to conclude our work for the reasons set out to the left.</p> <p>The errors identified in the work undertaken are set out to the left and are documented in further detail in the Audit Adjustments section of this report.</p>



# Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Provisions <ul style="list-style-type: none"> <li>Long term <b>£3,664k</b></li> </ul>	We have: <ul style="list-style-type: none"> <li>Reconciled the provisions per the financial statements to underlying records and the General Ledger; and</li> <li>Selected a sample of provisions and tested the provision against the requirements of IAS37.</li> </ul> <p>Due to the prior years' accounts being disclaimed, we have no assurance on the opening provision balances and therefore the movement in year.</p>	We have completed our procedures but are not able to conclude our work for the reasons set out to the left.
Borrowings <ul style="list-style-type: none"> <li>Long term <b>£59,650k</b></li> <li>Short term <b>£2,080k</b></li> </ul>	We have: <ul style="list-style-type: none"> <li>Agreed the ledger breakdown to the trial balance;</li> <li>Tested all the borrowings as at year end to verify accuracy and existence of the balances as at year-end;</li> <li>We obtained direct confirmation from third parties where applicable and matched the amount for borrowings to the confirmations; and</li> <li>Verified the classification of borrowing as short-term and long-term for the disclosure purposes.</li> </ul> <p>No issues noted in our testing.</p>	Our testing over this area is complete. We have not identified any matters to report to you.
Reserves	We have: <ul style="list-style-type: none"> <li>Evaluated the completeness of the statutory adjustments included in the 2024/25 movement in reserves statement;</li> <li>Reconciled the internal consistency of reserves movements in year with other parts of the financial statements; and</li> <li>Not been able to conclude the accuracy of the movements as the movements and the closing balance are directly influenced by the opening balance.</li> </ul>	We have completed our procedures but are not able to conclude our work for the reasons set out to the left.



## Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Government grants and contributions (PCC and Group) <b>£18,019k</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>Reconciled the government grants and contributions income and capital grants and contributions income as per the financial statements to the trial balance; and</li> </ul> <p>In line with our communications and agreement with management, the audit effort was prioritised towards balance sheet financial statement areas, balance sheet build-back work, and the testing of management override of controls, including journal entry testing. Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area, specifically over occurrence and accuracy.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Other income Group - <b>£12,103k</b> CC - <b>£11,791k</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the trial balance to the supporting notes for all other income.</li> </ul> <p>In line with our communications and agreement with management, the audit effort was prioritised towards balance sheet financial statement areas, balance sheet build-back work, and the testing of management override of controls, including journal entry testing. Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area, specifically over occurrence and accuracy.</p>	We have started but not been able to conclude our work for the reasons set out to the left.



# Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Employee benefit expenditure (PCC, CC and Group) <b>£161,711k</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Agreed the trial balance to supporting notes for employee benefit expenditure.</li> <li>• Sampled and tested starters and leavers during the year. No issues noted from the testing performed.</li> </ul> <p>In line with our communications and agreement with management, the audit effort was prioritised towards balance sheet financial statement areas, balance sheet build-back work, and the testing of management override of controls, including journal entry testing. However, due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Other services expenditure <b>£52,432K</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Agreed the trial balance to supporting notes for other services expenditure</li> <li>• Agreed the expense ledger breakdown to the TB and supporting note for other operating expenditure.</li> <li>• Selected samples for testing to verify accuracy and occurrence of the transactions.</li> <li>• Tested the samples selected to supporting invoice or third-party evidence, agreeing period, amount and classification</li> <li>• We tested 8 credit samples and noted no issues, and 27 Debit samples. From the debit samples we noted no issues in 26 of these. For the remaining 1 sample, we were unable to obtain sufficient evidence to gain assurance over this being a valid expense item in 24/25. This sample amount is £201k and relates to an item in which no invoice was received by the client, but were told by management that legal negotiations had been taking place regarding this sample since last year.</li> <li>• Extrapolation of this error identified a projected impact of £2.2m on the population as a whole.</li> </ul>	Our testing over this area is complete. We have not identified the issues noted here. Further detail is noted in the Audit Adjustments section of this report.



# Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Completeness of income	<p>We have:</p> <ul style="list-style-type: none"> <li>• Searched for unrecorded transactions by selecting and testing a substantive sample of invoices added to the accounts receivable system pre and post year end to ensure they were accounted for in the correct period;</li> <li>• Searched for unrecorded transactions by selecting and testing a substantive sample of cash receipts from the bank statements pre and post year end to ensure they were accounted for in the correct period; and</li> <li>• No issues were identified from our sample testing.</li> </ul>	Our testing over this area is complete. We have not identified any matters to report to you
Completeness of expenditure	<p>We have:</p> <ul style="list-style-type: none"> <li>• Searched for unrecorded liabilities by selecting and testing a substantive sample of invoices added to the accounts payable system post year end to ensure they were accounted for in the correct period;</li> <li>• Searched for unrecorded liabilities by selecting and testing a substantive sample of cash payments from the bank statements post year end to ensure they were accounted for in the correct period;</li> <li>• We tested 24 samples taken from bank statements of which no issues were noted. We tested 7 invoices taken from pre-year end, and 9 post year end invoices. No issues were identified in the post year end samples, and in 6 of the pre-year end samples. The remaining 1 item we identified was a prepayment for a 2025/26 software license. When accounting for it, the client has net nil impact on the expenditure in 2024/25, but has overstated both Debtors and Creditors balances by £224k.</li> </ul>	Our testing over this area is complete. We have not identified the issues noted here. Further detail is noted in the Audit Adjustments section of this report.



# Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Cash flow statement	<p>We had planned to perform the below procedures:</p> <ul style="list-style-type: none"><li>• Reconciled the movements in year to other parts of the accounts to confirm internal consistency. However, as these movements are directly influenced by opening balances, over which we have no assurance, we are not able to confirm the accuracy of the movements presented.</li></ul> <p>Due to time constraints in meeting the backstop deadline, as per our agreement with management, we backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Group accounts	<p>We have</p> <ul style="list-style-type: none"><li>• Obtained and reviewed management’s consolidation working paper.</li></ul> <p>No issues noted from this testing.</p>	Our testing over this area is complete. We have not identified any matters to report to you.



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# Key audit findings: other procedures

## Other specific procedures we have undertaken in 2024/25 include the following:

- ▶ Responding to any actual or suspected non-compliance with laws and regulations of which we have become aware;
- ▶ Reviewing minutes of meetings including, but not limited to, Police and Fire Crime Panel, Strategic Governance Board and the Joint Audit and Risk Committee (previously the Ethics, Transparency and Audit Panel);
- ▶ IT General controls and work under ISA315;
- ▶ Business process documentation and walkthroughs;
- ▶ Agreeing opening balances and comparative figures to prior year financial statements;
- ▶ Agreeing the financial statements to the PCC, CC and Group's trial balance and general ledger;
- ▶ Checking financial statements for internal consistency and arithmetic accuracy;
- ▶ Confirming the audit fee reported in the financial statements;
- ▶ Undertaking a high-level review of the accounts to assess for material omissions or disclosure errors;
- ▶ Undertaking a high-level Audit Manager and Engagement Lead review of the 2024/25 financial statements;
- ▶ Confirming that accounts have been issued and approved in line with The Accounts and Audit Regulations 2015;
- ▶ Procedures in respect of subsequent events after the balance sheet date, including enquiries of management, the PCC and the CC;
- ▶ Updating our planning and risk assessment and procedures on receipt of the financial statements (post-statement procedures) including re-considering our materiality thresholds;
- ▶ Updating our scoping procedures following receipt of the financial statements;
- ▶ Undertaking comprehensive build-back scoping across all disclaimed years;
- ▶ Undertaking post-statement analytical procedures;
- ▶ Reviewing the form and content of the Narrative Report and Annual Governance Statement;
- ▶ Evaluating any misstatements identified; and
- ▶ Drafting an Audit Plan and Audit Completion Report and presenting these to the Audit Committee.



## Key audit findings: other areas of focus

Area of focus	Issue	Audit findings and conclusion
Significant matters on which there was disagreement with management	There were no significant matters on which there was disagreement with management.	None noted.
Significant management judgements which required additional audit work and / or where there was disagreement over the judgement and / or where the judgement is significant enough that we are required to report it to those charged with governance before they consider their approval of the accounts	At the time of writing this report, there were no major transactions that required special accounting consideration.	None noted.
Prior year adjustments identified	<p>Within the draft accounts, management has recognised a prior period adjustment which pertains to an IFRIC 14 asset ceiling adjustment made to the prior year's Net Pension Liability.</p> <p>We noted that no Prior Period Adjustment Note was included in the accounts alongside these restated figures, nor a third balance sheet for prior year opening balances.</p>	<p>We raised with management the exclusion of the PPA note, and they have agreed to amend and include in the final version of the accounts.</p> <p>We have also identified, under IAS 1, the requirement for inclusion of a third balance sheet due to the material omission in the financial statements from the pension asset disclosed in 2022/23. We have documented this later in this report in Audit Adjustments section.</p>



## Key audit findings: other areas of focus

Area of focus	Issue	Audit findings and conclusion
Other concerns identified	No concerns were identified in the following: <ul style="list-style-type: none"><li>• Consultation by management with other accountants on accounting or auditing matters</li><li>• Matters significant to the oversight of the financial reporting process</li><li>• Adjustments / transactions identified as having been made to meet an agreed system position / target</li></ul>	None noted.



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# Key judgements and estimates



# Key judgements and estimates

Key judgements and estimates, as well as other judgements and estimates made by management, are set out in the table below along with audit commentary on these judgements and estimates in line with the enhanced requirements for auditors.

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Land and buildings valuations (key accounting estimate) – PCC and Group	<b>47,564</b>	<p>The other land and buildings revalued include specialised buildings and land valued on a Depreciated Replacement Cost (DRC) basis and Existing Use in Value (EUV) basis.</p> <p>The PCC has engaged an external valuer, FHP Consultants, to value the asset portfolio. At 31 March 2025, 100% of the total land and buildings balance has been revalued in year.</p> <p>This has led to an overall net decrease of £531k from the 31 March 2024 asset value (£48,095k). This decrease includes movements other than revaluations, such as additions, asset reclassifications and depreciation.</p>	<p>Our work to assess this estimate began with reconciling the values per the fixed asset register with the trial balance and valuation report.</p> <p>We then selected a sample of revalued assets to test the valuer's assumptions and calculations with the supporting evidence for their calculations.</p> <p>We have substantially completed our procedures but are finalising our work due to delays experienced in reconciling the Fixed Asset Register to the financial statements and TB. However, our work has not identified any matters at this stage to report to you.</p>



# Key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment																								
<p>Pension assets and liabilities valuations- LGPS (key accounting estimate)</p>	<p><b>596</b></p>	<p>The PCC and CC's total net pension liability which is held with the Staffordshire Pension Fund at 31 March 2025 is £596k (PY £53k net asset).</p> <p>The Pension Fund use Hymans Robertson, an external actuary, to provide the valuation of the PCC and CC's share of the Pension Fund's assets and liabilities. A full valuation is required every three years.</p>	<p>We have undertaken the following in the course of our testing:</p> <ul style="list-style-type: none"> <li>Reviewed the adequacy of the disclosure in the financial statements</li> <li>Reviewed the reasonableness and accuracy of the IFRIC14 assessment prepared by the actuary and the impact on the asset ceiling</li> <li>Used our auditor's expert (PwC) to assess assumptions made by the actuary</li> </ul> <table border="1" data-bbox="978 615 2300 953"> <thead> <tr> <th>Assumption</th> <th>Actuary value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>5.80%</td> <td>5.80 - 5.85%</td> <td>Within range</td> </tr> <tr> <td>Pension increase rate</td> <td>2.75%</td> <td>2.70 - 2.80%</td> <td>Within range</td> </tr> <tr> <td>Salary growth</td> <td>3.25%</td> <td>2.75 – 3.75%</td> <td>Within range</td> </tr> <tr> <td>Life expectancy: males currently 45-65</td> <td>21.9 years</td> <td>22.7 – 23.1</td> <td>Outside range</td> </tr> <tr> <td>Life expectancy: females currently 45-65</td> <td>25.5 years</td> <td>25.5 – 25.8</td> <td>Within range</td> </tr> </tbody> </table> <p>In line with our build back plan, we did not undertake the following procedures this financial year:</p> <ul style="list-style-type: none"> <li>Assessed the competence, capability and independence of management's expert actuary;</li> <li>Assessed the actuarial approach taken to confirm reasonableness of approach;</li> <li>Reviewed completeness and accuracy of the underlying information used to determine the estimate</li> </ul> <p>Due to audit opinions on the prior years' financial statements being disclaimed, we have no assurance over the opening balances of the pension liability. This means we have no assurance on the movements in year and cannot conclude on the valuation of the pension fund liability as at 31 March 2025.</p>	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.80%	5.80 - 5.85%	Within range	Pension increase rate	2.75%	2.70 - 2.80%	Within range	Salary growth	3.25%	2.75 – 3.75%	Within range	Life expectancy: males currently 45-65	21.9 years	22.7 – 23.1	Outside range	Life expectancy: females currently 45-65	25.5 years	25.5 – 25.8	Within range
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# Key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment																								
<p>Pension assets and liabilities valuations- Police Pension Scheme (key accounting estimate)</p>	<p><b>1,114,196</b></p>	<p>The Chief Constable's total net pension liability of £1.1bn is a decrease of £236m from the prior year balance of £1.3bn.</p> <p>This is an unfunded scheme whereby the shortfall in the Police Pension Fund is balanced by grant from the Home Office. This was £46.9m for 2024/25.</p> <p>The CC have engaged GAD to provide actuarial valuation of the liabilities within the Fund.</p>	<p>We have undertaken the following in the course of our testing:</p> <ul style="list-style-type: none"> <li>Reviewed the adequacy of the disclosure in the financial statements</li> <li>Used our auditor's expert (PwC) to assess assumptions made by the actuary</li> </ul> <table border="1" data-bbox="1067 578 2390 916"> <thead> <tr> <th>Assumption</th> <th>Actuary value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>5.65%</td> <td>5.65%</td> <td>Within range</td> </tr> <tr> <td>Pension increase rate</td> <td>2.70%</td> <td>2.70%</td> <td>Within range</td> </tr> <tr> <td>Salary growth</td> <td>3.45%</td> <td>3.45%</td> <td>Within range</td> </tr> <tr> <td>Life expectancy: males currently 45-65</td> <td>23.3 years</td> <td>N/A</td> <td>Within range</td> </tr> <tr> <td>Life expectancy: females currently 45-65</td> <td>25.2 years</td> <td>N/A</td> <td>Within range</td> </tr> </tbody> </table> <p>Due to audit opinions on the prior years' financial statements being disclaimed, we have no assurance over the opening balances of the pension liability. This means we have no assurance on the movements in year and cannot conclude on the valuation of the pension fund liability as at 31 March 2025.</p>	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.65%	5.65%	Within range	Pension increase rate	2.70%	2.70%	Within range	Salary growth	3.45%	3.45%	Within range	Life expectancy: males currently 45-65	23.3 years	N/A	Within range	Life expectancy: females currently 45-65	25.2 years	N/A	Within range
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# Key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Minimum revenue provision	3,846	<p>The PCC, the Chief Constable and the Group is responsible on an annual basis for determining the amount charged for the repayment of debt. This is known as the Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance.</p> <p>The year end MRP charge was £3,846k, a net increase of £470k from 2023/24.</p> <p>Following consultation MHCLG have clarified and updated the regulations and the statutory guidance for minimum revenue provision. Although these take full effect from April 2025, the consultation highlighted that the intention was not to change policy, but to clearly set out in legislation the practices that authorities should already be following.</p> <p>This guidance clarifies that capital receipts may not be used in place of a prudent MRP, that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.</p>	<p>We have carried out the following work:</p> <ul style="list-style-type: none"> <li>• Considered whether the PCC, CC and Group's policy on MRP complies with statutory guidance;</li> <li>• Assessed the reasonableness of any changes to the PCC, CC and Group's MRP policy from the prior year;</li> <li>• Assessed and benchmarked the PCC, CC and Group's MRP charge as a percentage of the opening capital financing requirement (CFR). A charge higher than 2% is considered a sufficiently prudent estimate. The PCC and the Group are reporting a charge of 4.6%; and</li> <li>• Assessed and benchmarked the PCC's total debt as a percentage of the capital financing requirement. A percentage lower than 100% is considered sufficiently prudent. The PCC's total debt as a percentage of CFR is 73.3%.</li> </ul> <p>Based on our findings, we are satisfied that the MRP charge has been calculated in accordance with the regulations. However, as we do not have any assurance over the opening CFR we therefore do not have assurance over the closing CFR. We therefore cannot conclude in full on the accuracy of the MRP calculation.</p> <p>The MRP charge must remain under regular review, particularly in light of future capital spending plans.</p>



# Key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Depreciation and amortisation	11,791	<p>Depreciation and amortisation are charged on a straight-line basis over the respective useful lives of Property, Plant and Equipment and Intangible Assets. Freehold assets and assets under construction are not depreciated.</p> <p>Buildings are depreciated over useful lives determined by the Valuer, while other asset classes such as vehicles, plant, furniture, and IT equipment are depreciated using rates set by a qualified officer. Intangible assets are amortised over the term of the relevant licence.</p>	<p>We performed a predictive analytical review of the depreciation balance, considering changes in useful lives and other in-year movements. Where variances exceeded the expected threshold, we discussed and investigated them with management.</p> <p>We have not identified any issues that require reporting to Those Charged with Governance.</p> <p>Due to the prior years' accounts being disclaimed we have no assurance on the opening asset balances and therefore cannot fully conclude on the accuracy of the depreciation calculation. Our work on PPE build-back will provide this assurance in future years.</p>



# Key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Provisions	3,664	<p>Provisions are recognised where the CC has a legal or constructive obligation arising from a past event, and where the expected settlement can be reliably estimated. Amounts are charged to the CIES and recorded on the Balance Sheet either separately or within the relevant liability category, depending on materiality. Provisions are reviewed annually, and where the expected outflow is lower than originally estimated, the provision is reduced and the reversal credited to the CIES.</p> <p>The insurance provision represents non-current amounts relating to outstanding liability claims not covered by external insurers. The balance is based on assessments provided by the CC's external insurance advisors, and no settlement is expected within 12 months.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Reconciled the provisions per the financial statements to underlying records and the General Ledger; and</li> <li>• Selected a sample of provisions and tested the provision against the requirements of IAS37.</li> </ul> <p>Due to the prior years' accounts being disclaimed, we have no assurance on the opening provision balances and therefore the movement in year.</p>



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# Other responsibilities



# Financial statements: other responsibilities

Matter	Commentary	Findings
<b>Matters in relation to fraud</b>	We have previously discussed the risk of fraud with management, the PCC and the CC. We have not been made aware of any other incidents in the period. No other issues have been identified during the course of our audit from the work we have been able to complete.	We have no matters to report. However, as we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.
<b>Matters in relation to related parties</b>	We are not aware of any related parties or related party transactions which have not been disclosed from the work we have been able to complete.	We have no matters to report. However, as we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.
<b>Matters in relation to compliance with laws and regulations</b>	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations, and we have not identified any instances from the audit work we have been able to complete.	We have no matters to report. However, as we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.
<b>Written representations</b>	A letter of management representations has been requested from the PCC and the CC.	Please refer to the letter of representation included alongside this report.
<b>Confirmation requests from third parties</b>	We requested permission from the PCC, the Chief Constable and the Group for us to send confirmation requests to their financial institutions, comprising Lloyds bank, Aberdeen LF, Royal London Asset Management, Morgan Stanley, CCLA and SSGA. All requested confirmations have been received.	All requested third party confirmations have been received.
<b>Disclosures</b>	From the work completed, our review found no material omissions in the financial statements that management has not agreed to correct.	We have no matters to report. However, as we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.



# Financial statements: other responsibilities

Matter	Commentary	Findings
<b>Going concern</b>	As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570). Management prepared the financial statements on a going concern basis applying the continuation of services provision set out in Practice Note 10. We have confirmed that this is appropriate as there is no known intention to transfer the services provided by the Group, PCC and the CC outside the public sector. We have not identified any material uncertainties relating to going concern at the Group, PCC and the CC.	As we have been unable to conclude our audit in advance of the backstop date, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that: <ul style="list-style-type: none"> <li>• a material uncertainty related to going concern has not been identified</li> <li>• management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>
<b>Other information (Narrative report and Annual Governance Statement)</b>	We are required to read and report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is materially inconsistent with the financial statements and our knowledge obtained from the audit or otherwise appears to be materially misstated. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or whether risks are satisfactorily addressed by internal controls.	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.
<b>Matters on which we report by exception</b>	We are required to report on a number of matters by exception: <ul style="list-style-type: none"> <li>• If the annual governance statement does not comply with the disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit</li> <li>• Where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness.</li> </ul>	<ul style="list-style-type: none"> <li>• As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.</li> <li>• We have not identified a significant weakness with respect to the value for money arrangements within the PCC and Chief Constable.</li> </ul>



# Financial statements: other responsibilities

Matter	Commentary	Findings
<p><b>Specified procedures for the Whole of Government Accounts</b></p>	<p>We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation pack under WGA group audit instructions. Group instructions were issued in August 2025 which set out the procedures that the NAO require from component auditors. However, the NAO may direct auditors of components below the audit threshold to undertake additional work.</p> <p>The PCC, CC and Group do not exceed the audit threshold for detailed testing set out in the group instructions. Submission of a partial assurance statement is required.</p>	<p>We will complete and submit a partial assurance statement after issue of our auditor's report and await further guidance on whether or not any additional testing is required.</p>
<p><b>Certification of closure of the audit</b></p>	<p>We are required to certify the closure of the audit on completion of all audit work for the financial year required under the Code.</p>	<p>We cannot issue our certificate of closure until the Comptroller and Audit General has certified the WGA for 2024-25. Our auditor's report will therefore include a delayed certificate.</p>
<p><b>Statutory powers and duties</b></p>	<p>We are required to report by exception if we have applied our other statutory powers or duties during the audit.</p>	<p>We have not exercised any of our additional statutory powers or duties.</p>



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# Audit adjustments



# Audit adjustments

## Unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made in the final set of financial statements. The PCC and the CC are required to approve management's proposed treatment of all items in the table below.

Detail	CIES £000 DR (CR)	Balance sheet £000 DR (CR)	Impact on total net expenditure £000 DR (CR)	Impact on useable reserves £000 DR (CR)	Reason for not adjusting
<p><b>Non-pay Expenditure</b> As part of our other service expenditure testing, we have identified a balance of £201k which management we unable to provide sufficient evidence over to support it being valid expenditure in 2024/25. We have extrapolated the error across the total other service expenditure population. The impact is below:</p> <p>Dr Creditors Cr Expenditure</p>	(2,254)	2,254	(2,254)	(2,254)	Not material and is an extrapolated amount
<p><b>Debtors testing</b> As part of our expenditure cut-off testing, we identified an item which was a prepayment for 2025/26, and to remove the expenditure impact in 2024/25 management overstated both Debtors and Creditors balance by £224k. We have extrapolated this error across the debtors population population. The impact is shown below:</p> <p>Dr Creditors Cr Debtors – Prepayments</p>		1,726 (1,726)			Not material and is an extrapolated amount



# Audit adjustments

## Unadjusted misstatements continued...

Detail	CIES £000 DR (CR)	Balance sheet £000 DR (CR)	Impact on total net expenditure £000 DR (CR)	Impact on useable reserves £000 DR (CR)	Reason for not adjusting
<p><b>Vehicles, plant and equipment existence</b></p> <p>As part of our testing, we were unable to obtain sufficient evidence for 3 sampled items, 1 due to inability to access the asset, and 2 samples selected from the FAR related to multiple underlying assets aggregated into a single line. Due to the way the assets were recorded on the FAR, we were unable to obtain evidence that provided assurance over the full recorded value. These errors totalled £738k. We have extrapolated the error across the full PPE population at closing NBV. The impact is below:</p> <p>Dr Capital Adjustment Account Cr Property, Plant and Equipment</p>		1,917 (1,917)			Not material and is an extrapolated amount
<b>Overall impact</b>	(2,254)	2,254	(2,254)	(2,254)	



# Audit adjustments

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit.

Disclosure / issue / omission	Outcome	Adjustment agreed?
<p><b>Prior Period Adjustments Note</b> 2023/24 figures have been restated following an adjustment to prior year figures for the asset ceiling adjustment. No Prior Period Adjustment Note has been included in the accounts.</p>	Management should include a Prior Period Adjustment note to the Financial Statements.	Y
<p><b>Third balance sheet</b> Under IAS 1 a third balance sheet is required when a prior period adjustment has a material impact on the opening balances of the comparative period. The restatement to the pension liability figure in 2023/24 financial year should also be made to the opening balance of that period as the Pension Fund was at an asset position on 31 March 2023.</p>	Management should include a third balance sheet to show the impact of this restatement on the prior year opening balances.	N
<p><b>Note 6.3.1 - PPE</b> The Right-of-use asset which has been calculated for implementation as at 01 April 2024 has been added to line 'Other movements in cost or valuation' instead of the opening balance</p>	Management should amend the PPE note to show the opening balance of Right-of-use assets	Y
<p><b>Note 6.3.1 - PPE</b> One right-of-use asset, Beaconside, was identified as being an addition in year. This had been included in the total balance when calculating initial Right-of-use asset recognition, rather than presented on the Additions line of the note.</p>	Management should amend the PPE note to show the asset as an addition in year.	Y
<p><b>Note 6.3.1 - PPE</b> Line in the note states 'Assets reclassified (to)/from' however within the note the figures are shown with brackets if they are moving from the category rather than 'to'.</p>	Management should amend the wording in the note to read 'Assets reclassified to/(from)'.	Y



# Audit adjustments

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit.

Disclosure / issue / omission	Outcome	Adjustment agreed?
<b>Note 6.3.7 – Short term Creditors</b> IFRS 16 and the Code require lease liabilities to be presented separately from other liabilities in the balance sheet or disclosed in the notes to the balance sheet with a statement of which line item includes those liabilities.	The audit team propose that management add a footnote to the note to ensure compliance with the standards and the Code.	Y
<b>Section 4 – Accounting Policies</b> We challenged management on the presentation of Section 4 Accounting policies being a standalone section.	The audit team propose amending the title to 'Financial Statements Accounting Policies' to ensure clarity that they form part of the Financial Statements.	Y
<b>Note 7.1 – Pension Fund Account</b> The Pension Fund Account and IAS 19 note to the main accounts have been conflated in the accounts.	Management should amend accounts so that IAS 19 is a note to the accounts and the Pension Fund Account is shown separately.	Y
<b>Minor presentational, formatting and disclosure issues</b> We proposed a number of minor changes and narrative amendments to improve presentation of the accounts	Management should adjust for all minor presentational, formatting and disclosure issues identified by the audit team.	Y



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# Building back assurance



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# Building back assurance

We set out below the work we have done to build back assurance from disclaimed years of audit. Our work has been undertaken in accordance with the statutory guidance set out in Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01 to 06

In our audit plan, we communicated the high-level end-to-end indicative build-back plan. This envisages gaining assurance over the accounts from the period from 2024/25 to 2027/28. Our audit approach and procedures deployed in 2024/25 are in line with this approach. Our approach also includes the statutory guidance issued by the National Audit Office (NAO) in Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01 to 06.

Our procedures in 2024/25 fell into two categories:

- **Procedures on the 2024/25 accounts with a view to gaining assurance over the year end position and identifying improvement suggestions for recovery work in future years.** Given the Commissioner and Chief Constable's accounts have not been subject to audit since 2021/22, it is not unexpected that more time is needed than in a 'normal' audit when recovering disclaimed positions. Additional time was therefore focused on this in line with our build back plan. Our scale fee work in 2024/25 was focused on recovery of year end balance sheet positions, journals, fraud testing, income and expenditure testing and in-year reserves movements and analysis. Our findings from this work are set out throughout this report.
- **Build-back procedures to gain assurance over disclaimed periods of account.** This work involves additional planning, in line with the statutory considerations set out in LARRIG06, additional risk assessment and additional substantive procedures over the disclaimed years. The substantive procedures also include substantive testing of Property, Plant and Equipment movements in disclaimed years and in future years will require substantive testing of income and expenditure transactions.

## Build-back risk assessment procedures

Our build-back risk assessment procedures comprised two significant streams: the qualitative risk assessment and the quantitative risk assessment. The qualitative work, guided by LARRIG 06, focuses on assessing the inherent risk of material misstatement in opening General Fund (GF) balances and associated earmarked reserves following prior-year disclaimers. This involves evaluating governance arrangements, the control environment, timeliness of accounts preparation, complexity of reserves, and risks arising from multiple disclaimed opinions. We have considered factors such as changes in personnel, financial systems, budgetary controls and classification risks between capital and revenue transactions. Our planned response included enhanced inquiry, review of Annual Governance Statements, analytical procedures and targeted substantive testing to evaluate these risks.



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# Building back assurance

The quantitative work relates to reconciling and validating movements within the Movement in Reserves Statement (MIRS) back to the last clean audit opinion (2021/22). This includes detailed testing of reserve movements, statutory adjustments and consistency checks across primary statements and supporting notes to evaluate accuracy and completeness of reported balances.

We have undertaken procedures in respect of both the qualitative and quantitative risk assessment streams. We have substantially completed our work but not yet been able to fully conclude our procedures due to the impending backstop but will finalise this work as part of 2025/26. It is important to note that build back is a comprehensive and time-consuming process which is compounded at organisations such as the PCC and Chief Constable; added complexity is present by virtue of the asset portfolio and group accounts.

## **Build-back risk assessment: Qualitative stream**

We have undertaken a full and comprehensive risk assessment in accordance with LARRIG06. Further information is reported over the next few pages. As part of our procedures under this stream, we reconciled the financial statements to the general ledger and the trial balance for the current year and each previously disclaimed year, tracing back to the last clean audit opinion dated 31 March 2022. From the work performed to date, we have not identified any significant matters to report.

As part of the risk assessment, we have also performed various other procedures. We will finalise these procedures as part of the 2025/26 audit.

## **Build-back risk assessment: Quantitative stream**

We have undertaken procedures under this stream, which includes reconciling and validating movements within the Movement in Reserves Statement (MIRS) back to the last clean opinion. During our review, we identified some trivial misstatements and casting errors in each of the years back to 31 March 2022. However, we have not identified any significant or material issues across the disclaimed period.



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# Building back assurance

## Build-back substantive procedures

A significant volume of substantive procedures are required to build-back assurance and recover the disclaimed opinion. These procedures, in line with our over-arching build-back plan, will take place over the coming years, with specific procedures taking place in 2024/25. In 2024/25, we planned to undertake substantive procedures in respect of Property, Plant and Equipment movements over the disclaimed period. We report in the next few pages the procedures undertaken and commentary to date.

## Conclusion:

In 2024/25, we have:

- Undertaken full scale fee work on current 2024/25 balances and journals and raised recommendations for management where action is needed to enable full assurance to be gained through audit, focusing our scale fee work on those balances most necessary to recover first under our over-arching build back plan;
- Undertaken significant and comprehensive build-back risk assessment procedures in line with LARRIG06, encompassing both qualitative and quantitative risk assessments; and
- Undertaken procedures to build back assurance in respect of Property, Plant and Equipment.

Recovering the disclaimed position is a long-term and complex process, involving substantial volumes of audit work and significant time from management to facilitate such work. As set out in our indicative build-back plan, along with the other factors explained in the report, we plan to issue a disclaimer of opinion for the financial year 2024/25. Due to audit opinions on the prior years' financial statements being disclaimed, we have no assurance over the opening balances of the reserves and the balance sheet financial statement line items. This means we have no assurance on the movements in year and cannot gain sufficient audit evidence on the material accuracy of the financial statements at 31 March 2025.



# Building back assurance

We set out below the work we have done to build back assurance from disclaimed years of audit. Our work has been undertaken in accordance with the statutory guidance set out in Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01 to 06

Build back activity	Commentary
<p><b>Risk Assessment (LARRIG 06)</b></p> <p>We are required by LARRIG 06 to evaluate the inherent risk of material misstatement in the opening general fund balances and associated earmarked reserves following prior year disclaimers.</p> <p>This in turn informs the volume of work necessary to recover assurance over the reserves position as a 1 March 2025.</p>	<p>We have considered the guidance set out in LARRIG 06 issued by the National Audit Office to determine the risk of material misstatement in the general fund reserves of the PCC, CC and Group at 31 March 2025.</p> <p>This involved a detailed assessment of a number of risk factors, as set out in LARRIG 06, including consideration of the following:</p> <ul style="list-style-type: none"><li>• Whether the PCC and the CC have a history of timely production of the financial statements</li><li>• The number of years for which disclaimed opinions have been issued</li><li>• The complexity and volume of movement in reserves over the disclaimed period</li><li>• The strength of the control environment in place over the period of disclaimed opinions</li><li>• Changes in key personnel, financial reporting systems or key processing activities during the disclaimed period</li><li>• Previous reporting of significant deficiencies in control, significant weaknesses in arrangements to secure VFM or material or other misstatements</li><li>• The level of reserves in place over the disclaimed period</li><li>• Issues reported by Internal Audit and in the Annual Governance Statements</li></ul>



# Building back assurance

## Outcome

We have undertaken comprehensive procedures in this area as part of our build-back risk assessment, in accordance with the requirements and statutory considerations set out in LARRIG06. As part of our procedures under this stream, we planned to reconcile the financial statements to the general ledger and trial balance for the current year and each previously disclaimed year, tracing back to the last clean audit opinion issued on 31 March 2022.

From the work performed to date, we have not identified any significant variances.

We have also undertaken the following work:

- A consistency review of the 2023/24 and 2022/23 narrative reports for the PCC and Chief Constable against the financial statements;
- Review of the Annual Governance Statements for 2023/24 and 2022/23 for the PCC and Chief Constable;
- Review of the Head of Internal Audit Opinions back to the year ended 31 March 2022;
- Review of the Minimum Revenue Provision for the 2023/24 and 2022/23 financial years;
- Review of the composition of the fixed asset register back to the year ended 31 March 2022, as well as reconciliations between the fixed asset register and accounts for the same period;
- Review of capital and revenue budgets and outturn for the period back to the year ended 31 March 2022; and
- Consistency review of the reserve movements within the financial statements for 2023/24 and 2022/23 financial years.

Additional time has been required by both audit and management to investigate these matters. We have agreed with management that there will not be sufficient time to finalise this work ahead of the backstop date. We will therefore finalise these procedures as part of the 2025/26 audit.

Based on the work completed to date, we have on a preliminary basis concluded that the PCC and Chief Constable are at the lower end of the risk spectrum for build-back purposes. This reflects the presence of several low-risk factors identified in accordance with LARRIG06 requirements, including the lack of complexity of the PCC and Chief Constable's financial statements, the absence of any unusual or novel accounting requirements, transactions or investments, the size and nature of the asset portfolio and the absence of significant challenges encountered in reconciling historic accounts to the trial balance across the disclaimed period.

As a result, we have not identified any additional build-back procedures beyond the minimum will be required in future years for income and expenditure relating to the disclaimed period.



# Building back assurance

Build back activity	Commentary	Audit view
<p><b>Phase 2: Build back of assurance in respect of Property, Plant and Equipment over the disclaimed period</b></p> <p>In order to build back assurance over the reserves, we are required to undertake substantive testing of movements in property, plant and equipment over the disclaimed period.</p>	<p>We have undertaken procedures to substantively test valuations, depreciation, disposals, additions, reclassifications and other PPE movements back to the last non-disclaimed audit opinion. We were unable to complete reconciling in full the Fixed Asset Register (FAR) to the general ledger balances and reconciling both of these to the accounts for each disclaimed year.</p> <p><b>Depreciation:</b> We have been able to reconcile depreciation within the fixed asset register to the trial balance and accounts for each year of disclaimed opinion. We have also been able to conclude through our analytical review the accuracy of the depreciation charged each year in 22/23 and 23/24.</p> <p><b>Additions:</b> We were able to reconcile the additions on the fixed asset register and the accounts for all of the disclaimed periods. We have received listings and selected samples to test where additions are material. The results of the work performed is summarised below.</p> <ul style="list-style-type: none"> <li>• 2022/23 – Gained assurance over 5/5 samples; no issues identified.</li> <li>• 2023/24 – We received evidence and processed for 5/5 samples. Small errors were identified in 2 of the samples, which we extrapolated across the population and resulted in a highly trivial extrapolated error.</li> </ul> <p>We reviewed the movements in disposals and reclassifications in both 22/23 and 23/24 and did not perform further testing over these balances as they were immaterial.</p>	<p>We have started but not been able to conclude our work for the reasons set out to the left. All time allocated to this task for 2024/25 has been utilised and the constraints posed by the statutory backstop date means the work has not yet been able to be concluded</p> <p>We will continue our work on this in 2025/26.</p>



# Building back assurance

Build back activity	Commentary	Audit view
<p><b>Phase 2: Build back of assurance in respect of other balances directly influenced by the opening position over the disclaimed period</b></p> <p>In order to build back assurance over balances where the closing position is directly influenced by the opening position, we are required to undertake substantive testing of movements in these balances over the disclaimed period.</p>	<p>We have commenced our procedures in this area, but further work is required in order to conclude. The balances in question include:</p> <ul style="list-style-type: none"> <li>• Pension liability: work has commenced in this area and will be concluded following the pension fund triennial and quintennial valuation due in 2025/26.</li> <li>• Provisions: additional work is required as the closing balance is directly influenced by the opening position.</li> </ul>	<p>Due to time constraints imposed by the backstop date, we were unable to fully conclude our build-back work on other balance sheet line items.</p>
<p><b>Phase 3: Build back of assurance in respect of unusable and useable reserves</b></p>	<p>We have undertaken our procedures, which includes reconciling and validating movements within the Movement in Reserves Statements (MIRS) for each disclaimed audit period back to the last clean opinion.</p> <p>During our review, we identified some trivial misstatements and casting errors in each of the years back to 31st March 2022. However overall, the closing balances appear materially accurate and consistent and we have not identified any significant matters to report to you.</p>	<p>Subject to the build-back work required in 2025/26 and 2026/27 we have not, at present, identified any material issues in our analysis of reserves movements over the disclaimed period.</p>



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# Value for money



# Value for money

We are required to consider whether the PCC and CC have each established proper arrangements to secure economy, efficiency and effectiveness in their use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 ('AGN 03').

We have completed our value for money work. Our detailed findings are reported in the Auditor's Annual Report in this report.

We have not identified any significant weaknesses in the PCC's or the CC's arrangements and so are satisfied that the PCC and the CC have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Recommendations made		
			Statutory	Key	Other
<b>Financial sustainability</b> How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No	No
<b>Governance</b> How the body ensures it makes informed decisions and properly manages risk	No	No	No	No	No
<b>Improving economy, efficiency and effectiveness</b> How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	No	No	No



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# Independence and ethics



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# Independence and ethics

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements. In addition, we have complied with the National Audit Office's Auditor Guidance Note 01, which sets out supplementary guidance on ethical requirements for auditors of public sector bodies.

In particular:

- ▶ Non-audit services: There are no non-audit services provided for the PCC and CC by Azets Audit Limited
- ▶ Contingent fees: No contingent fee arrangements are in place for any services provided
- ▶ Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the Group, PCC and the CC, senior management or staff
- ▶ Relationships: We have no other relationships with the Group, PCC and the CC, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.



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# Appendices



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# Appendices

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# Recommendations



# Appendix I: Recommendations

## Recommendations identified during the course of our audit.

The matters reported here are limited to deficiencies we have identified during the course of our audit which we feel are of sufficient importance to merit reporting to you under the auditing standards. Recommendations arising from our value for money work are reported separately in our Auditor’s Annual Report.

Assessment	Issue	Recommendation	Management response
AMBER	<p><b>Calculation of net gain/loss on disposals</b></p> <p>As part of our disposals testing, we identified that the closing net book value of assets is being taken directly to the loss / (gain) account in the I&amp;E rather than the difference between the proceeds and closing NBV of disposals.</p> <p>This approach does not meet the standards requirement and presents a risk over the accuracy of the Surplus or deficit on the Provision of Services.</p>	<p>Management should ensure that any loss or gain taken to the I&amp;E has been calculated in line with IAS 16.</p>	<p>Management accepts the recommendation. The Head of Financial Accounting will review and update the current disposal accounting policy to ensure that gains and losses taken to the CIES and are calculated in accordance with CIPFA code or practice and IAS 16. This will include verifying that only the difference between the disposal proceeds and the asset’s net book value is recognised as the gain or loss on disposal.</p>

Key: **Significant** effect on financial statements **Limited** effect on financial statements **Low** improvement point / best practice



# Appendix I: Recommendations

## Recommendations identified during the course of our audit.

The matters reported here are limited to deficiencies we have identified during the course of our audit which we feel are of sufficient importance to merit reporting to you under the auditing standards. Recommendations arising from our value for money work are reported separately in our Auditor’s Annual Report.

Assessment	Issue	Recommendation	Management response
AMBER	<p><b>Poor Recordkeeping of Asset Additions in the Fixed Asset Register (FAR)</b></p> <p>Two of our PPE existence samples relate to numerous assets of the same family. We have therefore been unable to obtain sufficient and appropriate evidence that those assets are still in use as at year-end. From conversations with management, this is a result of poor recordkeeping of asset additions in the previous years where purchases of multiple assets are only included in a single line in the fixed asset register and there were no proper monitoring of those after recognition.</p>	<p>We recommend that management record asset additions as separate lines in the FAR to enable proper monitoring.</p>	<p>Management accepts the recommendation. We acknowledge that historical asset additions were recorded in aggregated lines in the Fixed Asset Register (FAR), which has limited the ability to monitor individual low value assets and provide evidence of their ongoing existence.</p> <p>Going forward, the Head of Financial Accounting will ensure that all new asset additions are recorded as separate individual line items in the Fixed Asset Register (FAR) wherever this is achievable. Where items cannot be separated, they will be appropriately cross-referenced using unique reference numbers to enable accurate tracking, monitoring, and verification.</p> <p>In addition, management will review historic grouped asset entries and, where feasible, disaggregate these to improve the accuracy and completeness of the FAR.</p>

Key: **Significant** effect on financial statements **Limited** effect on financial statements **Low** improvement point / best practice



# Appendix I: Recommendations

Assessment	Issue	Recommendation	Management response
AMBER	<p><b>Inadequate maintenance and cleansing of the Fixed Asset Register (FAR)</b>            The FAR contains a significant number of assets recorded with a nil net book value. The presence of these items indicates that the FAR has not been subject to regular cleansing, which reduces the reliability of the register as a complete and accurate record of the authority's asset base. From discussions with management we have been made aware that this is something that has started to be looked at.</p>	<p>Management should undertake a cleansing exercise of the FAR to identify and remove obsolete or redundant assets, ensuring that disposals are properly recorded.</p>	<p>Management accepts the recommendation. We recognise the Fixed Asset Register (FAR) has not been subject to regular cleansing historically.</p> <p>To address this the Head of Financial Accounting will lead a full review of the FAR with department leads during 2025/26 and will undertake a comprehensive cleansing exercise of the FAR to identify obsolete or redundant assets and ensure that all disposals are properly recorded.</p> <p>Also, a policy will be introduced requiring that assets are written off from the FAR once they have been fully depreciated, unless they in use.</p>
AMBER	<p><b>Journals Authorisation Process</b>            As part of our journal testing, we identified that individuals can post journals without it needing to be authorised. Although there are some controls in place to minimise the risks associated with this, such as quarterly review, there are no preventative controls for their journals and therefore this presents an opportunity for fraudulent postings.</p>	<p>We recommend that a formal journals approval process is implemented to ensure that each journal has a separate poster and approver.</p>	<p>Management acknowledges the recommendation and recognises the importance of maintaining strong controls over journal postings. However, due to current resource constraints, it is not feasible to implement a process requiring separate individuals to post and approve each journal.</p>

Key: **Significant** effect on financial statements **Limited** effect on financial statements **Low** improvement point / best practice



# Appendix I: Recommendations from IT audit

## Recommendations identified by our IT audit team.

We set out here the recommendations we have identified as part of our Technology Risk review.

Assessment	Issue	Recommendation	Management response
<b>AMBER</b>	<p>Five users who no longer required privileged access were identified. We received confirmation that these users have now been removed.</p> <p><u>Risk</u> Excessive privileges/administrator rights increases the likelihood that IT general controls can be changed, suppressed or circumvented thus reducing the consistency of the control operation (this access could be to data files, database tables, configuration, job schedules, batch routines and/or system generated reports).</p>	<p>We recommend that privileged users are regularly reviewed to confirm that access is restricted to appropriate individuals. Privileged access provisioned to users temporarily should be removed when it is no longer required.</p>	<p>We are running a tool that warns us about unused privileged accounts and looking to formalise the new process in DDaT.</p>
<b>GREEN</b>	<p>Leaver accounts are not disabled in Integra as soon as the individual leaves, rather they are removed at the end of each month.</p> <p><u>Risk</u> Leavers may still have access to applications relevant to financial reporting processes and/or a leaver's account may be accessible to other users if not timely removed.</p>	<p>We recommend that leaver accounts are disabled on the individual's leaving date to reduce the risk of inappropriate access.</p>	<p>Once the individual leaves the organisation their access to the Force IT is disabled and therefore they would not be able access to Integra as it is only accessible from a Force device. However will review the recommendation and see how leavers access can be disabled immediately on Integra.</p>



# Appendix I: Recommendations from IT audit

Assessment	Issue	Recommendation	Management response
GREEN	<p>Active Directory &amp; Integra Centros: The 8 character minimum length password parameter does not promote the best practice of using passphrases.</p> <p><u>Risk</u> Weak password management controls result in an increased likelihood of brute-force attack (i.e. a password cracking method used by cyber-criminals used to determine account credentials).</p>	<p>We recommend that the password configuration is updated to enforce a minimum of 12 characters to align to best practice.</p>	<p>New force password policy was signed off at the Information Assurance Board in May25. Policy now states minimum 12 characters and we will adopt the "ThreeRandonWords" password policy after Windows 11 roll out for Active directory. Integra password will be changed to 12 characters with agreement with Fire colleagues.</p>
GREEN	<p>Staffordshire PCC and Chief Constable has identified and documented risks and issues at a directorate level, recording key information such as risk rating, treatment actions, and dates for review. However, the Force has not documented risks with specific reference to cyber security, meaning there may be gaps in the organisation's oversight of risk.</p> <p><u>Risk</u> Without a holistic overview of cyber related risks to the organisation, there is a risk that there will be gaps in the understanding of the risks, threats and vulnerabilities facing the Force. This may prevent the organisation from adequately assessing, treating and monitoring key risks related to cyber security.</p>	<p>Staffordshire PCC and Chief Constable should ensure that risks are captured and monitored across all areas of operation, including cyber security. Risks which the Force may wish to consider include those related to cyber security attacks and incidents, data breaches, lack of training, and weaknesses in cyber incident response.</p>	<p>Currently drafting an information risk policy and the force is reviewing the overarching risk policy to ensure it captures information/cyber security appropriately.</p>



# Appendix I: Recommendations from IT audit

Assessment	Issue	Recommendation	Management response
GREEN	<p>Staffordshire PCC and Chief Constable utilises procurement frameworks which set baseline requirements for security assessment of third-party providers, and assesses suppliers using assurance questionnaires. The Force conducts ad hoc review of suppliers, with work in progress to improve the supplier register and introduce more regular reviews.</p> <p><u>Risk</u> The absence of ongoing monitoring or reassessment of suppliers can expose the organisation to significant risks, including data breaches, unauthorised access, and the introduction of vulnerabilities into the supply chain. Additionally, suppliers may struggle to adapt to emerging cyber threats or comply with evolving regulatory requirements.</p>	<p>Staffordshire PCC and Chief Constable should continue to work to implement a process by which suppliers and third-parties are subject to risk assessment not only at initial procurement but periodically throughout their contract/partnership. The frequency of risk assessments should be based on the criticality of the supplier to the organisation.</p>	<p>New Third party assurance policy/process being finalised, as part of this process will include a periodic review on ongoing contracts, link to their criticality. Additional resource in the information security team will help with this.</p>
GREEN	<p>Staffordshire PCC and Chief Constable does not currently have in place policies and procedures which effectively communicate day-to-day information and cyber security responsibilities to staff, nor which formally document the key roles and responsibilities for cyber security at either an operational or management level.</p> <p><u>Risk</u> If roles and responsibilities for cyber security have not been adequately assigned and defined, there is a risk of lack of accountability and uncertainty over the ownership of cyber security tasks. This could lead to ineffective security measures, delayed response and increased likelihood of vulnerabilities, leaving the organisation more susceptible to cyber threats.</p>	<p>Staffordshire PCC and Chief Constable should consider implementing an Acceptable Use Policy which sets out the requirements and responsibilities of staff with regards to the safe, acceptable and appropriate use of organisational information and IT assets. The organisation should also ensure it has documented information and cyber security roles within policy alongside their associated responsibilities. This should include responsibilities of all staff and executive management, as well as those in named cyber and information security roles.</p>	<p>The current Acceptable Use Policy (AUP) has been read and agreed by everyone, and is part of the new starter process. We will look to document roles in responsibilities in the most appropriate document whether that be the AUP or another.</p>



Key: **Significant** effect on financial statements **Limited** effect on financial statements **Low** improvement point / best practice

# Appendix I: Recommendations from IT audit

Assessment	Issue	Recommendation	Management response
<p style="text-align: center; color: white; font-weight: bold; font-size: 1.2em;">GREEN</p>	<p>Staffordshire PCC and Chief Constable does not have an annual programme of mandatory cyber security training, with reliance placed on the inclusion of data protection and information security within wider Managing Information training.</p> <p><u>Risk</u> Should sufficient cyber security training not be provided to all staff, there is a risk that individuals may be ill-prepared to protect the confidentiality, integrity and awareness of the organisation's assets and information.</p>	<p>Staffordshire PCC and Chief Constable should implement mandatory cyber security training to be undertaken at induction and annually thereafter. Cyber security training should be regularly reviewed and updated to reflect both the Force's threat landscape and changes in cyber security best practice. Compliance with mandatory training should be monitored, with reporting to suitable governance groups. Non-compliance with training should be subject to a formalised escalation procedure.</p>	<p>The update Managing Information course has been made mandatory for all staff to ensure everyone is at the same baseline. It has been approved that there is a two year fresher on this, what will might look like is to be determined.</p> <p>We are going to provide training input on the new starter awareness day and part of the officer training.</p> <p>We also have Cyber Champion training sessions that go into further details - these users act as spocs in their team. We are looking to expand this to target more users.. Smaller training courses are to be created that target specific subjects e.g. phishing, creating strong passwords.</p> <p>Compliance is tracked through Information Assurance Board and the Force Training Board</p> <p>As well as training updates are put out via email and intranet articles, viva engage and on tv screens, this will ensure we are constantly updating our staff on common issues.</p>



# Appendix I: Internal control recommendations

## Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Outcome
AMBER	<p><b>Active Directorate – User Access</b> Most members of the GG-AdminLevelPW group have duplicate accounts as the organisation is transitioning to Group Managed Service Accounts (gMSAs), this presents a potential risk as it is difficult to manage the permissions of these user accounts.</p> <p><u>Risk</u> Excessive privileges/administrator rights increases the likelihood that IT general controls can be changed, suppressed or circumvented thus reducing the consistency of the control operation (this access could be to data files, database tables, configuration, job schedules, batch routines and/or system generated reports).</p>	To mitigate this risk, we recommend that the duplicate administrator accounts within the system are removed and that all accounts are reviewed to ensure that the access levels are appropriate for each user.	Action completed. Recommendation closed
AMBER	<p><b>Finance – Periodic Review of user access</b> We were informed user access reviews are not conducted.</p> <p><u>Risk</u> A lack of periodic review of user access could result in inappropriate, excessive or unauthorised access being available to users/leavers.</p>	We recommend that user access reviews are carried out annually and that these reviews are documented.	Action completed. Recommendation closed



# Appendix I: Internal control recommendations

## Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Outcome
AMBER	<p><b>Finance – Third Party Access</b>            Within the user list there is a Capita admin account and 3 additional supplier accounts, these accounts can be accessed without the finance team being notified.</p> <p><u>Risk</u>            Access to systems relevant to financial reporting processes is not attributable to individual users, thus reducing the ability to monitor appropriate and/or inappropriate activities in the system.</p>	We recommend that privileged permissions within the finance system are restricted to the finance team only.	Action completed. Recommendation closed
AMBER	<p><b>Finance – User access Privileges</b>            Finance team have system administrator access.</p> <p><u>Risk</u>            Inappropriate access to develop and to deploy changes increases the likelihood of any change management process being circumvented resulting in unauthorised changes being deployed to the production environment.</p>	We recommend that a system administrator from outside the finance team is assigned to alter user permissions within the system.	Action completed. Recommendation closed



# Appendix I: Internal control recommendations

## Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Outcome
AMBER	<p><b>Cyber Security inclusion in Corporate Risk Register</b> Staffordshire and PCC and Chief Constable maintains an up-to-date risk management framework which sets out how all risks within the organisation will be managed. This framework does not set out specific requirements for the review of risks, noting that they should be reviewed regularly rather than specifying a minimum cadence for this. This is reflected in the SWG Risk Register, in which risks have not been assigned a next review date and highly rated risks have not been recently reviewed. Further, as a Strategic Risk Register could not be provided for review, it is unclear if those processes set out within the Risk and Issue Management Framework and Process are operating successfully in practice. Notably, we cannot confirm that requirements for escalation of risks have been suitably implemented.</p>	Staffordshire and PCC and Chief Constable should update risk management processes to indicate the minimum requirements for review of risks, mandating a regular review cycle on at least a quarterly basis. Risks on all risk registers should be subject to this regular review, with escalation carried out where required and inactive risks documented as such.	Action completed. Recommendation closed
AMBER	<p><b>Risk-based cyber security programme/strategy</b> PCC and Chief Constable does not maintain an internal strategy or action plan which is aligned to the requirements set out in the SyAP Manual. Key actions to be taken to address specific risks are documented within the Security Working Group Risk Register. While this places focus on those actions to be taken to mitigate existing risks, a lack of strategy or wider action plan means the Force does not maintain a formal, risk-based approach to improving cyber security controls.</p>	PCC and Chief Constable should introduce a strategy, action plan or equivalent which is aligned to the SyAP Manual and sets out the organisation's risk-based approach to not only mitigating cyber security risks but also improving cyber security measures. Action planning should include the assignment of appropriate due dates and owners with responsibility for implementation and ongoing monitoring.	Action completed. Recommendation closed

# Appendix I: Internal control recommendations

## Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Outcome
AMBER	<p><b>Regular risk assessments of cyber threats related to outsourcing</b> PCC and Chief Constable utilises suitable procurement frameworks which set baseline requirements for security assessment of third-party providers. The Force does not currently review suppliers on an annual/regular basis however, they plan to address this at a later date.</p>	PCC and Chief Constable should implement a process by which suppliers and third-parties are subject to risk assessment not only at initial procurement but periodically throughout their contract/partnership. The frequency of risk assessments should be based on the criticality of the supplier to the organisation. Risk assessments should be based on a pre-defined set of requirements set by the Force to form a baseline maturity which third-parties must meet.	Action completed. Recommendation closed
AMBER	<p><b>Roles and responsibilities for cyber security</b> PCC and Chief Constable has not formally documented the key roles and responsibilities for cyber security at either an operational or management level.</p>	PCC and Chief Constable should ensure that key cyber security roles at all levels are documented within policy, alongside their associated responsibilities. This should include the responsibilities of all staff and executive management, as well as those in named cyber security roles (e.g., SIRO)	Action completed. Recommendation closed
AMBER	<p><b>Cyber Security Policies and Training</b> PCC and Chief Constable has not defined requirements for training within policy, and no regular, mandatory cyber security training currently exists. Elective training is in place, undertaken by those volunteering to become Cyber Champions within their respective areas.</p>	PCC and Chief Constable should implement mandatory cyber security training to be undertaken at induction and annually thereafter. Cyber security training should be regularly reviewed and updated to reflect both the Force's threat landscape and changes in cyber security best practice. Compliance with mandatory training should be monitored, with reporting to suitable governance groups. Non-compliance with training should be subject to a formalised escalation procedure.	Action completed. Recommendation closed



# Appendix I: Internal control recommendations

## Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Outcome
AMBER	<p><b>Cyber incident response plan, updates and testing</b> PCC and Chief Constable is in the process of drafting and implementing a Cyber Response Plan, Incident Response Plan and Playbooks to support their cyber incident response. At present, the Force does not regularly undertake testing of their cyber incident response planning and any localised activities have not been formally documented.</p>	<p>PCC and Chief Constable should prioritise the creation and implementation of the Cyber Response Plan, Incident Response Plan and Playbooks. All cyber incident response planning should be subject to regular testing to assess the effectiveness of response and recovery plans. Tests should encompass formats such as desktop scenarios and simulations. Testing should be documented, with lessons learned activities performed.</p>	<p>Action completed. Recommendation closed</p>
AMBER	<p><b>Internal Audit Findings implementation</b> Two of these findings recommended actions were due to be completed by March 2024, with the remaining recommendations due for completion by August 2024. The two recommendations due for completion have not yet been completed, with progress on-going.</p> <p>If actions agreed to within internal audit reports are not carried out within the agreed timeframe, the underlying risks the actions aim to address will not be reduced</p>	<p>We recommend that ongoing efforts to complete actions agreed to are reviewed by the project board with any escalations required carried out where necessary.</p>	<p>Action completed. Recommendation closed</p>



# Appendix I: Internal control recommendations

## Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Outcome
AMBER	<p><b>Review success criteria and KPIs</b> While benefits had been detailed within the business case and success criteria were listed against each business objective within the PID we were informed that no benefits realisation tracking had been undertaken.</p> <p><u>Risk</u> If benefits from the project are not tracked, the success of the project may not be possible to discern with necessary arrangements not made to ensure the aims of the project are met.</p>	We recommend that a benefits realisation tracker is created, with a named individual responsible for the tracking of benefits, and reviewed on a regular basis by the project board.	Action completed. Recommendation closed
AMBER	<p><b>Review the project RAID Log</b> The RAID log includes a number of risks that are still listed as open and have review dates listed as 2023. From further discussion with the Project Manager, while the project has moved on from it's initial phase, the risk register has not been updated accordingly. Additionally, within in the project board meeting minutes, risks and issues have only been specifically discussed within 2 of the 4 meeting minutes we were provided with, meaning risk discussion is not consistent.</p> <p><u>Risk</u> If risks are not adequately tracked and regular oversight provided over these risks, the project may face serious issues such as overspend, delays and a lack of resources for completion.</p>	We recommend that the risk log is updated on a regular basis, with risks discussed by the project board on a regular basis.	Action completed. Recommendation closed



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# Fees



# Appendix II: Fees

Our fees for the year ending 31 March 2025 are set out in the PSAA scale fees communication and are shown below and on the next page

Audit fees		Proposed fee £	Final fee £
<i>Scale fee – base fee for the audit of the Group, PCC and the CC’s financial statements (as set out in the scale fees issued by PSAA)</i>			
Core work (PCC)	Undertaking work on balances that have not been subject to audit for several years necessarily means the audit on the current year balances takes longer than would ordinarily be the case. Additional time from within the scale was therefore focused on this in line with our build back plan. Our scale fee work in 2024/25 was focused on recovery of year end balance sheet positions, journals, balance sheet testing and in-year reserves movements and analysis as well as some income and expenditure testing. Our findings from this work, including challenges encountered, are set out throughout this report. This fee also includes all work relating to value for money and IT general controls. Our Auditor’s Annual Report was issued in November 2025 and covered a wide breadth of risk areas. Our ITGC work is reported in this document and included 7 recommendations.	102,024	102,024
Core work (CC)		52,547	52,547
<b>In year quality and preparation issues</b> Management has been engaged and supportive. The matters reported in this report are not a reflection of a lack of engagement from management nor a reflection of poor quality in management’s processes or preparation. Rather they are unavoidable implications arising from a position wherein the accounts have not been audited for several years.		TBC	0
<i>Other fees</i>			
IFRS16 Leases: work needed to audit the new standard. PSAA have confirmed this work is not included in the above scale fee.		TBC	13,365
Sub total		TBC	167,936



# Appendix II: Fees

Our fees for the year ending 31 March 2025 are set out in the PSAA scale fees communication and are shown below and on the next page

Audit fees	Proposed fee £	Final fee £
<i>Disclaimer fees</i>		
<b>Disclaimer fees:</b> in year disclaimer planning and reporting. Additional work required to issue the disclaimer of opinion. This includes the extended reporting contained in this report and the audit plan, additional review and consultation requirements and additional file documentation requirements.	TBC	18,919
<i>Build back fees</i>		
<b>LARRIG06 qualitative risk assessment:</b> This includes all work to do on the LARRIG06 comprehensive build-back risk assessment, the identification of historic risk factors and the full consideration of the PCC and CC's control environment for all audit years back to 2021/22.	TBC	18,393
<b>LARRIG06 quantitative risk assessment:</b> Includes all work to date on MIRS movements, analysis and assessment over the disclaimed years, the identification of historic anomalies and an assessment of the position over the full disclaimed period.	TBC	16,773
<b>PPE build back work to date to the last clean opinion over 2 disclaimed years:</b> This includes all work to date over additions, disposals, reclassifications, other PPE movements and depreciation to date for each audit year back to 2021/22.	TBC	22,462
<b>Sub total</b>	<b>TBC</b>	<b>76,546</b>
<b>Sub-total carried forward from previous page</b>	<b>TBC</b>	<b>167,936</b>
<b>Total audit fees</b>	<b>TBC</b>	<b>244,482</b>



# Appendix II: Fees

## Analysis of build back fees

Component	Description	Fee for build back work	Fee for build back quality and preparation	Total fee for build back work
Opinion	Fee for work on opinion planning, undertaking and reporting	76,546	0	76,546
Value for money	Fee for work on VFM planning, undertaking and reporting	Included above	Included above	Included above
<b>Total</b>				

## Total fees

Non audit fees for other services	Proposed fee £	Final fee £
Fees brought forward for the core audit and build back, plus disclaimer reporting costs (see previous page)	TBC	244,482
<b>Total fees charged</b>	<b>TBC</b>	<b>244,482</b>

The audit fees charged reconcile to the fees disclosed in the financial statements.

As per PSAA's Scale Fees Consultation, the scale fees did not include the new requirements of IFRS16 Leases. Additional Fees charged are subject to the fees variation process as outlined by the PSAA. MHCLG has announced additional funding for Group, PCC and the CCs to meet the cost of work undertaken to issue disclaimed opinions and recover (build back) assurance over prior disclaimed periods with a view to returning to unmodified opinions at a future date.



