Auditor’s Annual Report

Office of the Police, Fire and Crime Commissioner for North Yorkshire and the Chief Constable for North Yorkshire – period ended 6 May 2024

February 2025

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Contents

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.
Reports and letters prepared by appointed auditors and addressed to the York and North Yorkshire Deputy Mayor for Policing, Fire and Crime and the Chief Constable for North Yorkshire are prepared for the sole use of the Joint Independent Audit Committee, York and North Yorkshire Deputy Mayor for Policing, Fire and Crime and the Chief Constable for North Yorkshire as those charged with governance and we take no responsibility to any member or officer in their individual capacity or to any third party.

01

Introduction

Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for the Police, Fire and Crime Commissioner for North Yorkshire (the 'PFCC') and the Chief Constable of North Yorkshire ('the Chief Constable') for the period ended 6 May 2024. Although this report is addressed to the PFCC and Chief Constable, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.

Opinion on the financial statements
We issued our audit report on 27 February 2025. Our audit reports included a disclaimer of opinion for the PFCC and Chief Constable. This means our audit report did not express an opinion on the financial statements and no assurance was provided. It was necessary to issue a disclaimer of opinion as amendments to the Account and Audit Regulations introduced a statutory deadline for publication of the PFCC and Chief Constable's financial statements. We were unable to complete the audit procedures necessary to obtain sufficient appropriate audit evidence on which to base our opinion before the date the PFCC and Chief Constable published its audited financial statements.

Wider reporting responsibilities
As a result of the backstop arrangements and our intention to issue a disclaimer of opinion on the PFCC (including Group) and CC's financial statements, we anticipate reporting to the NAO that we are unable to complete the mandatory audit procedures specified in their Group Audit Instructions. We are awaiting confirmation of when and how this should be reported to the NAO.

Value for Money arrangements – no weaknesses identified
We did not identify any significant weaknesses in the PFCC or Chief Constable's arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the PFCC and Chief Constable's arrangements.

02

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. Amendments to the Accounts and Audit Regulations introduced a deadline for publication of local authorities' audited 2023-24 financial statements. Prior to issuing our audit report, the ISAs require us to determine whether we have obtained sufficient appropriate audit evidence based on the audit procedures completed at that date. We concluded we had not obtained sufficient appropriate audit evidence to enable us to express an opinion on whether the financial statements present a true and fair view and have been prepared, in all material respects, in line with the Code of Practice on Local Authority Accounting. Consequently, as required by the ISAs, we modified our audit report and issued a disclaimer of opinion. This means, in our audit reports issued on 27 February 2025, we have not expressed an opinion on the PFCC's or Chief Constable's financial statements.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Qualitative aspects of the PFCC and Chief Constable's accounting practices

During our audit we communicated the following significant matters to management:

Managements approach to the extended year end – this included the preparation of an extended trial balance (ETB). Management used the ETB to estimate income and expenditure in the year. This then fed into the estimated financial position as at 6 May 2024. While we had the full cooperation of management during the audit we were unable to resolve queries associated with the debtors, creditors and cash balances at 6 May 2024. Given the material nature of these items this lack of assurance means we intend to issue a disclaimer of opinion.

Prior period adjustment (PPA) – management have adjusted the opening debtors and creditor position for the PFCC and Chief Constable.

03

Our work on Value for Money arrangements

VFM arrangements

Overall Summary

VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Police, Fire and Crime Commissioner (PFCC) and Chief Constable (CC) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

Financial sustainability - How the PFCC and CC plans and manages its resources to ensure it can continue to deliver its services.

Governance - How the PFCC and CC ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness - How the PFCC and CC uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the PFCC and CC has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding or arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on page 21.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the PFCC and CC. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements -** we make these recommendations for improvement where we have identified a significant weakness in the PFCC and CC's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations -** we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
Financial sustainability	14	No	No	No
Governance	17	No	No	Yes – see page 19
Improving economy, efficiency and effectiveness	20	Yes	No	No

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

How the PFCC and CC ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them.

The force identifies potential financial pressures through its business planning process. The business planning process integrates service plans, the Force Management Statement (FMS) and business plans. The planning process follows an annual cycle. In April each year a refresh is undertaken of each function's business plan the refresh includes predictive and scenario modelling for the FMS, of changes in demand and the impact this has on service provision, service delivery models and funding requirements. By September, draft costed business plans are developed, these consider the broader impact on policing and identify any potential benefits of changes. In November, the business plans are considered as part of the budget setting process and consideration of the required precept level.

National, regional, and local priorities and pressures are identified as part of the planning process and built into service, business and financial plans. The planning process includes engagement from all levels of the force and EnableNY which enables all risks to be considered.

The output of the financial planning process is the annual revenue and capital budget and the Medium-Term Financial Plan (MTFP). These are presented to the Executive Board in February of each year. The MTFP covers a period of 4 years. Financial plans are approved by the Police, Fire and Crime Commissioner.

In year financial monitoring allows for any unexpected financial pressures to be considered and built into the budget for the year. Longer term identified pressures are fed into the annual business planning process.

The published budget and MTFP for 2023/24 to 2026/27 includes details of the assumptions underpinning the plan. We have reviewed these assumptions and found them to be reasonable. The MTFP is updated at each planning round to include updated information in relation to financial pressures and funding streams. This then forms the basis for budget setting for the following financial year. The MTFP published with the budget in February 2023 includes balanced financial plans for each of the 3 years in the plan and 2023/24. Total useable reserves at the end of each year are forecast to stand at £13,932k for 2023/24, £11,832k in 2024/2, £11,744k in 2025/26 and £11,404k in 2026/27. The general reserve is forecast to remain at £5,603k over the course of the MTFP.

A balanced budget was approved for 2023/24 which included a net surplus before transfers to/from reserves of £2,093k. Included in the plan was a £3,938k transfer to the capital reserve, a £845k transfer from earmarked reserves and a £1m transfer from the general fund. Budget monitoring takes place monthly with the results reported to the Investment and Efficiency Group and quarterly performance reported to the Executive Board. The outturn position for 2023/24 was an underspend against the planned budget of £426k, the underspend was transferred to earmarked reserves, so the overall position was one of breakeven.

A capital programme is agreed at the time of setting the budget and the capital programme covers the period 2023/24 to 2026/27. A capital programme of £12,991k was approved for 2023/24. The capital programme is revised and re-profiled through the year to reflect slippage of schemes and new scheme approvals. The outturn for 2023/24 was expenditure of £8,295k with £7,676k of expenditure being moved into future years.

How the PFCC and CC plans to bridge its funding gaps and identifies achievable savings

Funding gaps are identified as part of the business planning process. An integrated business planning approach has been adopted which utilises the Force Management Statement to identify gaps in capacity and capability. The financial plan is updated for service changes, potential investment, and inflationary pressures, as well as forecast income. There is an Investment and Efficiency Board in place, the Boards purpose includes reviewing, prioritising, approving, and monitoring delivery of investment programmes including growth, unavoidable pressures and enabling service transformation. The Board is also responsible for reviewing, assessing impact, approving, and monitoring delivery of the savings programme. The Board will prioritise identified investments from the planning process and present these at Executive Board for final approval. This is completed alongside considering opportunities for savings and efficiencies.

The financial planning process includes a review of the overall reserves balances to ensure reserves are maintained at the level required by the reserves policy. The MTFP includes the planned use of reserves, these reserves having previously been set aside for those specific purposes.

Monthly budget monitoring arrangements include a review of progress on savings plans alongside progress against budget. Monthly monitoring is reported to the Investment and Efficiency Group and performance reported quarterly to the Executive Board. Monitoring allows for the identification of savings which are not being delivered and of additional cost pressures which may lead to further funding gaps.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability – continued

The budget and MTFP for 2024/25 was approved in February 2024 which included a net surplus before transfers to/from reserves of £3,842k. It was planned that £4,936k will be transferred to the capital reserve, and £1,094k transferred from earmarked reserves. The draw on reserves was the release of these reserves to match planned spending in year. Reserves are forecast to remain in line with the threshold set within the reserves policy. At Quarter 2 2024/25, the forecast outturn position for the year was an overspend of £509k arising mainly from an increase in forecast expenditure on police overtime. The forecast overspend has reduced since Quarter 1. Management are clear that action needs to be taken to address the forecast overspend.

How the PFCC and CC plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Police and Crime Plan 2022/25 sets out the North Yorkshire Police, Fire and Crime Commissioner's vision, mission, values and aims for the force up to 2025. The vision being that by North Yorkshire Police will provide exemplary policing services helping the people of North Yorkshire and York to be safe and feel safe. The Police, Fire and Crime Commissioner has identified four key principles: Caring about the vulnerable, Ambitious Collaboration, Realising our potential and Enhancing our service for the public. The four principles are support by five priorities. The planned outcome for each priority is set out in the plan. The plan includes the budget forecast for the force to 2025/26 based on the resources required to deliver the plan. The planned budget is included in the MTFP, with the MTFP designed to deliver the resources identified as being required in the plan.

The MTFP includes planned transfers to capital reserves to invest in the capital requirements of the force. The MTFP for 2023/24 included the following planned transfers to capital reserves: £3,938k in 2023/24, £4,012k in 2024/25, £4,068k in 2025/26 and £4,556k in 2026/27.

The business planning and Force Management Statement (FMS) processes identify where either knowledge gathering, investment or change is required to enhance services to communities, keep people safe, feeling safe and support delivery of the police and Crime Plan. The FMS included 12 chapters and each chapter is assessed to understand the current and future position. The priority areas are the focus of the force's service plans with activities, programmes, projects and departmental priorities being aligned to demonstrate contribution to supporting and delivering these actions. The approach ensures that all plans, whether financial, resources or other have the same intended outcome, that being to support delivery or the force's priorities. The statement also looks back at how the Force has performed against the predictive model, in the 2023/24 statement this look back identified that the models were 95% accurate.

How the PFCC and CC ensures that its financial plan is consistent with other plans such as workforce, capital investment, and other operational planning which may include working with other local public bodies as part of a wider system

The budget and Medium-Term Financial Plan (MTFP) are driven by the workforce plan and modelling. Modelling includes the delivery of the Uplift Target for Officer numbers as well as delivery of EnableNY collaboration staffing models, and ultimately the delivery of the Police and Crime Plan. The planning process drives the workforce plan. The process ensures that all plans are aligned.

The preparation of the Force Management Statement (FMS) includes a confidence assessment of the force's ability to meet its current and future demand, and in doing so identified the changes that are required. The confidence assessment is based on capacity, capability, tools/technology and future infrastructure requirements to meet future demand taking into account existing and proposed plans. This is mirrored in costed service plans.

The FMS includes a chapter on finance. This chapter outlines the force's current financial position and links to workforce, capital and investment plans. The MTFP includes both revenue and capital budgets for the coming year and for the MTFP period. Review of the MTFP shows that the capital budget is forecast for the same period as the revenue MTFP.

We confirmed a Treasury Management Strategy, Annual Investment Strategy, Capital Strategy, Minimum Revenue Provision Strategy and Prudential Indicators are in place and updated on an annual basis in line with the budget setting process. These take account of the investment plans identified in the MTFP.

How the PFCC and CC identifies and manages risks to financial resilience

As part of the annual budget and MTFP the Chief Finance Officer sets out an assessment of the adequacy of reserves and the robustness of budget estimates. Risk factors are considered as part of this assessment, including the level of reserves, prudential and treasury indications, the robustness of inflationary estimates and the risks to estimates. The MTFP includes a review of reserves including an estimate of projected earmarked reserves over the course of the MTFP. Reserves are forecast to remain within the threshold set in the Reserves Strategy.

Demand drivers are monitored as part of the Force Management Strategy (FMS) process which ensures that unexpected changes are identified. The FMS process also includes scenario planning and mapping so that a range of potential outcomes and their impact are considered.

There are monthly financial monitoring arrangements in place with reporting to the Chief Officer Team (COT) via the Investment and Efficiency Board. Reporting includes variance analysis and consideration of recovery options where necessary. In addition, financial performance is reported on a quarterly basis to the Executive Board.

Based on the considerations above, we have not identified any evidence to indicate a significant weakness in the PFCC's and CC's arrangements in relation to financial sustainability.

VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks

VFM arrangements – Governance

Overall commentary on Governance

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

The PFCC and CC have a Code of Corporate Governance in place and a Corporate Governance Framework. The Annual Governance Statement (AGS) sets out how the PFCC and CC have complied with the Framework during the year. As part of our audit procedures, we considered the PFCC and CC AGS and confirmed that they were consistent with our understanding of the arrangements in 2023/24.

There is a Risk and Assurance Board in place which is responsible for overseeing and driving risk management in the organisation. There are Principal and Force Risk Registers in place, each risk has a lead attached and a Red, Amber, Green (RAG) rating is given to each risk. The risk registers are reviewed at Risk and Assurance Board and updates provided to each quarterly Joint Independent Audit Committee (JIAC) meeting and to Executive Board. Internal audit completed a review of risk management in year and concluded that the PFCC and CC could take reasonable assurance that the controls upon which the organisations rely to manage this area are suitably designed, consistently applied and effective.

The PFCC and CC engage RSM for the provision of internal audit services. The annual internal audit plan is risk based, and it is developed with the engagement of management, the PFCC and CC, the Risk and Assurance Board and Joint Independent Audit Committee (JIAC). We confirmed the Committee received regular progress reports and reports from each review that summarise the findings and any recommended actions. Through our attendance at JIAC we have witnessed challenge presented to management based on the findings of the reports and where agreed actions have not been completed in line with agreed timescales.

The 2023/24 Internal Audit Plan included eight assurance reviews and two follow up reviews. Two review's were granted 'substantial assurance', three were granted 'reasonable assurance', two were granted 'partial assurance' and one was granted 'minimal assurance'. The overall Head of Internal Audit opinion for 2023/24 for both the PFCC and CC was 'The organisation has an adequate and effective framework for risk managements, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective '. We have reviewed the findings included in the internal audit assurance reports completed for the year and identified no matters to indicate a significant weakness in arrangements.

How the PFCC and CC approaches and carries out its annual budget setting process

The budget setting process begins in September each year with the result being a budget formally presented for approval to the Executive Board and the PFCC in February. Budget proposals are developed as part of an integrated planning approach which involves engagement at all levels of the organisation. The planning process considers what the force needs to deliver going forward, what their current capabilities and capacity are and identifies where investment is required. The planning process included scenario planning and modelling, and identification of the risks to the organisation's finances and of the sensitivity of the assumptions used to prepare the budget.

How the PFCC and CC ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

We confirmed budget monitoring takes place monthly, in line with the Scheme of Delegation and Standing Orders. Budget monitoring begins with budget holders reviewing budget monitoring reports in conjunction with finance staff. These reviews include consideration of any variances with the reasons obtained and, where necessary mitigating actions identified. Monthly reports and the variance analysis are received by departmental senior management teams, and by the Investment and Efficiency Board (I&E Board). The I&E Board also receive recovery options where required. We confirmed that quarterly budget monitoring and forecasting are presented to the Executive Board and Police and Crime Panel.

The statement of accounts for 2023/24 included an extended period taking them to 6 May 2024. Accounting for the extended period was unusual with management being required to determine how to account for the extended period. Due to time constraints our audit work identified some issues around the recording of debtors, creditors and cash for the extended period. Due to the backstop we have not been able to complete our audit of these entries and have therefore issued a disclaimer opinion. Given the unusual circumstances of the extended year end and the fact our testing of transaction in the 12 month period to 31 March 2024 identified no matters of concern we do not consider this to be a significant weakness in arrangements. We have, however, made an 'other recommendation' in respect of this point.

How the PFCC and CC ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

Decision making and delegated responsibilities are set out in the Corporate Governance Framework. This includes the Scheme of Delegation, Standing Orders and Contract Procedure Rules. Service plans are refreshed as part of the business planning process and with this predictive analytics and scenario testing is undertaken in order to inform the Force Management Statement (FMS). The FMS process identifies potential gaps in meeting future demand and informs future service requirements. This planning cycle supports the evidence base for costed business cases in preparation for budget setting. Business cases are reviewed on a monthly basis at the Change Board.

VFM arrangements – Governance

Overall commentary on the Governance - continued

Change activity is monitored via the Change Pipeline. Change activities are categorised as transformational, transitional, or business as usual (BAU). Transformational and transitional change initiatives are required to go through the Change Board governance arrangements for approval and monitoring purposes which includes reports of the benefits to be obtained from the changes. Exceptions are scrutinised and challenged via the Chief Finance Officers of the OPFCC and CC.

Oversight Level Management Information is presented to the Risk and Assurance Board and to the Joint Independent Audit Committee to ensure challenge.

We have reviewed minutes and reports presented to the Joint Independent Audit Committee, Executive Board and Investment & Efficiency Board and have not identified any evidence of significant weakness in arrangements.

How the PFCC and CC monitors and ensures appropriate standards are in place

The Corporate Governance Framework sets out how the Commissioner and Chief Constable will jointly and separately govern each organisation. Central to the Corporate Governance Framework is the Code of Corporate Governance. The Code of Corporate Governance sets out how the Commissioner and Chief Constable conduct their organisations in accordance with the Statement of Corporate Governance. The Code describes the strategies, arrangements, instruments and controls adopted to ensure good governance and is consistent with the 7 Nolan principles of good governance. The Statement of Corporate Governance details the key roles of the Commissioner, Deputy Commissioner, Chief Constable and Chief Finance Officers. All officers are required to abide by the Corporate Governance Framework.

The Corporate Governance Framework is supported by the Scheme of Delegation, standing orders and financial regulations, and a full suite of policies and procedures.

Senior Management are required to complete annual declarations of interest with a register of interests being held. Declared interests of the Commissioner are published on the PFCC website. Staff are subject to vetting on recruitment and refreshed regularly. There is also a Professional Standards Department (PSD) which monitors compliance and manages matters of non-compliance. Related party relationships and transactions are disclosed in the annual statement of accounts. We have considered these accounting disclosures as part of our work on the financial statements including comparing them to declaration of interest forms. This work did not identify any significant weaknesses in arrangements.

The Annual Governance Statement (AGS) for the PFCC and CC is published and reviews the effectiveness of the Governance Framework. We reviewed the AGS as part of our work on the financial statement audit. Our review of the AGS did not identify any significant weaknesses in arrangements.

Following the transfer of functions to the Mayor of York and North Yorkshire Combined Authority it is likely that governance arrangements will develop and change. We will consider this further in our 2024/25 value for money work on the Chief Constable and the Combined Authority.

Based on the considerations above, we have not identified any evidence to indicate a significant weakness in the PFCC's and CC's arrangements in relation to the governance criteria.

Other recommendation	
The statement of accounts for 2023/24 included an extended period taking them to 6 May 2024. Accounting for the extended period was unusual with management being required to determine how to account for the extended period. Managements approach included the use of estimate to determine transactions and balances between 1 April 2024 and 6 May 2024. Our audit challenged the estimation process around the recording of debtors, creditors and cash for the extended period. Due to the time constraints created by the 28 February 2025 backstop we have not been able to resolve all outstanding queries and complete our audit of these entries. We have therefore issued a disclaimer opinion. Given the unusual circumstances of the extended year end we do no consider this to be a significant weakness in arrangements. We have made an other recommendation in respect of this point.	An accurate position of debtors, creditors and cash will be required for opening balances therefore management should take time to investigate the position of these balances. This includes completing a bank reconciliation as at 6 May 2024.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services

Overall commentary on Improving Economy, Efficiency and Effectiveness

How financial and performance information has been used to assess performance to identify areas for improvement

We confirmed financial performance reports are presented to the Executive Board and Investment and Efficiency Board which report progress against budget and provide a forecast outturn position. The reports provide a summary of financial performance, detailing significant variances against budget and providing explanations for the causes. Regular reporting helps identify any additional funding needs and allows for plans to be changed to meet those needs.

The Business planning process and Force Management Statement cycle include a review of performance including predictive modelling and data analytics. This process along with the refresh of service plans includes an assessment of how the force has performed. This performance monitoring is undertaken on an annual basis. Weekly performance reporting is provided the Chief Officer Team.

Assurance activities also provide performance monitoring on particular areas of the organisation, this being via Internal Audit and inspection outcomes from HMICFRS. Business Insights provide service improvement reviews on an identified risk-prioritised basis to explore factors that might impact upon and improve the effective and efficient delivery of services to communities. This includes demand, capabilities, capacity and resourcing and also seek to identify gaps in operational delivery, mitigate risks of operational failure and/or develop the organisational understanding of an area of business.

How the PFCC and CC evaluates the services it provides to assess performance and identify areas for improvement

The Force Management Statement (FMS) process focusses on how the force is meeting its current demand and this includes an assessment of its performance with particular reference to capacity, capability, assets, and infrastructure. The process feeds into service delivery plans by identifying improvements that are required. The force also use a suite of dashboards providing performance information to functional leads.

The Force is subject to inspection by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The Force was subject to inspection in 2021/22 with the Police Efficiency, Effectiveness and Legitimacy (PEEL) inspection report being published in March 2023. A specific cause of concern that the Chief Constable had failed to provide sufficient oversight of enabling services and did not have an effective workforce plan or performance management in place.

Following the inspection a programme of improvements was put into place to address the recommendations made and a revisit was been carried out in July 2023. The outcome of the revisit was published in December 2023 and concluded that the cause of concern had been discharged.

The results of the inspection report were identified as a significant weakness in arrangements in 2021/22 and 2022/23. The cause for concern was discharged in 2023/24 therefore we have concluded that there is no longer a significant weakness in arrangements. Further details on the prior year weaknesses are included on pages 21 and 22 of this report.

In 2023/24 the Force was subject to a PEEL inspection under the PEEL Assessment Framework 2023-24. The inspection was undertaken in October 2023 and the report published in March 2024. The inspection covered 10 areas of policing, with graded judgements being made for 9 of the 10 areas considered. The inspection also reviews how effective a service the Force gives to victims of crime. However, a graded judgement is not made in this area. The results of the inspection were as follows:

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Preventing crime	Investigating crime		
	Recording data about crime	Responding to the public		
	Police powers and public treatment	Developing a positive workplace		
	Protecting vulnerable people	Leadership and force management		
	Managing offenders			

The inspector in the report stated that they have been impressed with the Force's response to the findings in the last inspection report. The force has made progress in all areas of improvement identified in the last inspection. For the areas of improvement identified in the 2023-25 PEEL inspection, management have included these in the HMICFRS tracker.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness - continued

HMICFRS state that it isn't possible to make direct comparisons between the grades awarded in this PEEL inspection and those from the previous cycle of PEEL inspections. This is because we have increased our focus on making sure forces are achieving appropriate outcomes for the public, and in some cases, we have changed the aspects of policing we inspect. However, the inspection results in 2023/24 are greatly improved from those reported in 2021/22:

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

How the PFCC and CC ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

There are many examples of partnership working in a variety of functions within the Force. Partnerships and other commissioned services by the Office of the PFCC are subject to grant and partnership agreements that specify the expected outcomes and are monitored to ensure delivery. The budget includes a standalone allocation for partnerships and commissioned services and also provides support to a number of local charities and groups.

Regional collaborations for the provision of policing services between North Yorkshire Police, South Yorkshire Police, Humberside Police and West Yorkshire Police are in place. With a Regional Collaboration Board responsible for governance of the arrangements. A Lead Force model has been adopted for each functional area of regional collaboration, the OPCC for Humberside has lead force responsibility for underwater search services, OPCC for South Yorkshire for procurement & stores and the OPCC for West Yorkshire for serious and organised crime, scientific support, collision investigation and the prison intelligence unit. Collaboration agreements are also in place between North Yorkshire Police, Durham Police and Cleveland Police for the provision of legal services via Evolve.

There is close working with North Yorkshire Fire and Rescue, through Enable North Yorkshire. EnableNY provides financial, people. Estates, technology, business design and assurance services to support North Yorkshire Police, North Yorkshire Fire and Rescue and the Office of the Police, Fire and Crime Commissioner. The Chief Finance Officer role is also shared between The PCC for Cleveland and the PFCC for North Yorkshire.

In addition to local and regional collaboration agreements there are also a number of national collaboration arrangements in place. Our review identified no matters to indicate a significant weakness in arrangements.

Where the PFCC and CC commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

The Corporate Governance Framework includes a scheme of delegation standing orders and contract procedure rules which form the standard by which procurement activity should take place. Contract management arrangements are in place to ensure that contracts are monitored. Procurement is provided via the EnableNY Procurement Team, staff on the team are Chartered Institute of Procurement and Supply (CIPS) qualified. For complex procurement in excess of £50k the Yorkshire and Humber Regional Procurement Service is used. Procurement frameworks are in place for procurement of fleet and aviation provision. Procurement procedures are subject to regular review by internal audit. Our work has identified no matters to indicate a significant weakness in arrangements.

Our work in 2023/24 has not identified any evidence to indicate a significant weaknesses in the PFCC's or CC's arrangements to secure economy, efficiency and effectiveness it its use of resources. We have concluded that the significant weakness in arrangements identified in 2021/22 and also reported in 2022/23 has been addressed in 2023/24.

VFM arrangements

Identified significant weaknesses in arrangements and our recommendations

Progress against significant weaknesses and recommendations made in a prior year – for the Chief Constable

As part of our audit work in previous years, we identified the following significant weakness, and made recommendations for improvement in the Chief Constable's arrangements to secure economy, efficiency and effectiveness it its use of resources. The identified weakness has been outlined in the table below, along with our view on the Chief Constable's progress against the recommendations made, including whether the significant weakness is still relevant in the 2023/24 year.

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
2021/22 HMICFRS PEEL Inspection Report **Improving economy, efficiency and effectiveness** The 2021/22 HMICFRS inspection report on the Chief Constable and the Force was published in March 2023. HMICFRS raised a specific cause for concern that the Chief Constable had failed to provide sufficient oversight of enabling services and did not have an effective workforce plan or performance management in place. HMICFRS recommended that the Chief Constable should: • make sure that senior leaders have effective oversight of the force's enabling services and the current challenges associated with capability; • develop an effective workforce plan so it can provide a service that meets the policing needs of the community, now and in the future; and • develop and align departmental operational and strategic plans that are informed by accurate information and a detailed performance framework. In our view, HMICFRS's concerns about oversight of enabling services, the lack of effective workforce planning and the need to improve the performance framework represent a significant weakness in arrangements in relation to how the Chief Constable evaluates the services provided to assess performance and identify areas for improvement under the Economy, Efficiency and Effectiveness criterion in respect of the 2021/22 financial year**.**	Improving the 3Es	We recommend that the Chief Constable should address the cause for concern in relation to oversight of enabling services, the lack of effective workforce planning and the need to improve the performance framework and implements the recommendations made in the HMICFRS inspection report.	Following the inspection an Improvement Plan was put in place to address the recommendations raised. HIMCFRS completed a cause of concern revisit in July 2023, the outcome of which was published in December 2023. In the visit letter the inspector noted the improvements that had been made in respect of the recommendations raised. The inspector concluded that following the considerable work that has been carried out to support these improvements, the cause of concern had been discharged. In our view, the discharging of the cause of concern by HMICFRS is evidence of the recommendations that were raised by the 2021/22 Inspection having been addressed.	The revisit was completed in July 2023, it is likely that the improvements seen during the revisit were in place prior to the revisit. Therefore, the significant weakness in arrangements has been addressed in 2023/24,

VFM arrangements – Prior year significant weaknesses and recommendations

Progress against significant weaknesses and recommendations made in a prior year – for the Police, Fire and Crime Commissioner

As part of our audit work in previous years, we identified the following significant weakness, and made recommendations for improvement in the Police, Fire and Crime Commissioner's arrangements to secure economy, efficiency and effectiveness it its use of resources. The identified weakness has been outlined in the table below, along with our view on the Police, Fire and Crime Commissioner's progress against the recommendations made, including whether the significant weakness is still relevant in the 2023/24 year.

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
2021/22 HMICFRS PEEL Inspection Report **Improving economy, efficiency and effectiveness** The 2021/22 HMICFRS inspection report on the Chief Constable and the Force was published in March 2023. HMICFRS raised a specific cause for concern that the Chief Constable had failed to provide sufficient oversight of enabling services and did not have an effective workforce plan or performance management in place. HMICFRS recommended that the Chief Constable should: • make sure that senior leaders have effective oversight of the force's enabling services and the current challenges associated with capability; • develop an effective workforce plan so it can provide a service that meets the policing needs of the community, now and in the future; and • develop and align departmental operational and strategic plans that are informed by accurate information and a detailed performance framework. HMICFRS' concerns around the Chief Constable's progress also represent an issue for the Police, Fire and Crime Commissioner (PFCC) who is elected by the public to hold the Chief Constable and the Force to account, as the PFCC's oversight of the Chief Constable did not identify or address these weaknesses prior to HMICFRS's inspection. In our view, HMICFRS's concerns about oversight of enabling services, the lack of effective workforce planning and the need to improve the performance framework represent a significant weakness in arrangements in relation to how the PFCC evaluates the services provided to assess performance and identify areas for improvement under the Economy, Efficiency and Effectiveness criterion in respect of the 2021/22 financial year.	Improving the 3Es	We recommend that the Police, Fire and Crime Commissioner monitors and reports on the progress made by the Chief Constable to address the cause of concern in relation to oversight of enabling services, the lack of effective workforce planning and the need to improve the performance framework reported by HMICFRS and ensure that the Chief Constable implements the recommendations made in the inspection report.	Following the inspection an Improvement Plan was put in place to address the recommendations raised. HIMCFRS completed a cause of concern revisit in July 2023, the outcome of which was published in December 2023. In the visit letter the inspector noted the improvements that had been made in respect of the recommendations raised. The inspector concluded that following the considerable work that has been carried out to support these improvements, the cause of concern had been discharged. In our view, the discharging of the cause of concern by HMICFRS is evidence of the recommendations that were raised by the 2021/22 Inspection having been addressed.	The revisit was completed in July 2023, it is likely that the improvements seen during the revisit were in place prior to the revisit. Therefore, the significant weakness in arrangements has been addressed in 2023/24,

VFM arrangements – Prior year significant weaknesses and recommendations

Progress against other recommendations made in a prior year

As part of our audit work in previous years, we made the following other recommendations for improvement in the PFCC and CC's arrangements to secure economy, efficiency and effectiveness it its use of resources. These identified weaknesses have been outlined in the table below, along with our view on the progress against the recommendation made.

Previously identified other recommendation	Reporting criteria	Our views on the actions taken to date	Overall conclusions
The Head of Internal Audit Opinion for 2022/23 was: 'There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.' This being a result of nine assurance reviews undertaken in year. Internal Audit concluded that three of these reviews offered partial assurance and one minimal assurance. As a result there are several agreed actions that need to be implemented. Management should ensure that the agreed actions are implemented on a timely basis. Joint Independent Audit Committee should hold management to account if these actions are not implemented.	Governance	A review of audit action trackers to the end of March 2024 shows that by the end of March 92% of actions had been completed. The level of overdue actions did not rise above 6 out of 73 actions in total, between February 2023 and March 2024. Internal Audit follow up visits in 2023/24 reported reasonable progress being made on previous internal audit managements except for fleet managements where it was reported that poor progress was being made. The Head of Internal Audit Opinion for 2023/24 provided a higher level of assurance than in 2022/23, the opinion being: The organisation has an adequate and effective framework for risk managements, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.	Based on the improved Head of Internal Audit Opinion for 2023/24 and the progress made against actions agreed in 2022/23 audit reviews we have concluded that the other recommendation has been addressed.

04

Other reporting responsibilities

Other reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. As a result of the backstop arrangements and our intention to issue a disclaimer of opinion on the PFCC (including Group) and CC’s financial statements, we anticipate reporting to the NAO that we are unable to complete the mandatory audit procedures specified in their Group Audit Instructions. We are awaiting confirmation of when and how this should be reported to the NAO.

Appendices

Appendix A: Further information on our audit of the PFCC and Chief Constable’s financial statements

Appendix A: Further information on our audit of the PFCC and Chief Constable financial statements

Significant risks and audit findings

As part of our audit of the PFCC and Chief Constable, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks. Whilst we planned our audit to address the risks of material misstatement we identified at the planning stage, we did not complete our audit prior to the backstop date. Consequently, we are unable to provide any assurance over individual areas of the financial statements or the financial statements as a whole, nor do we provide assurance over any of the risks we identified at the planning stage of the audit.

Risk
Management override of controls (PFCC and CC) This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.
IAS19 Net defined benefit valuation (PFCC and CC) The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.
Valuation of Property, Plant and Equipment (PFCC and Group Only) The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the PFCC and Group's holding of land and buildings. Although the PFCC and Group uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of land and buildings due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the valuation of land and buildings to be an area of significant risk.
Estimation used in extended year-end financial reporting (PFCC and CC) Management have made estimates and judgements in calculating balances and transactions up to the 6 May 2024 year end, relating to all items in the core financial statements, therefore we have classified this as a significant risk. The significant risk is that the estimated income and expenditure for the extended year-end, based on the 2024/2025 budget, may not accurately reflect the actual financial performance. This could lead to material misstatements in the financial statements including the period end Balance Sheet position.

Appendix A: Further information on our audit of the PFCC and Chief Constable's financial statements

Summary of uncorrected misstatements for the PFCC and Chief Constable

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	**Cr (£'000)**	**Dr (£'000)**	**Cr (£'000)**
Dr: PPE (PFCC)			159	
Cr: Creditors (PFCC)				575
Cr: Financial Costs (PFCC)	416			
In the period from the 1 April 2024 to 6 May 2024 there was capital additions of £0.575m and depreciation charges of £0.416m. Neither of these entries have been recorded in the financial statements. The overall impact is that the value of PPE is understated by £0.159m, the value of creditors is understated by £0.575m and the value of financial costs in the PFCC CIES are understated by £0.416m. There is a similar undercharge to the Chief Constable for capital costs.				
Dr LGPS pension asset			844	
Cr Pension reserve				844
The Pension Fund auditor in their letter to us reported some misstatement in asset values. The net impact of these was that asset values at Fund level are understated by £12.8m. The CC's share of the Fund's assets is 6.5%, this equates to an asset understatement of £0.832m. The impact on the Group as a whole is that assets are understated by £0.844m.				
Aggregate effect of amendments	**416**	**0**	**159**	**575**

Appendix A: Further information on our audit of the PFCC and Chief Constable's financial statements

Internal control observations for the PFCC and Chief Constable

Description of deficiency (PFCC only)

Our review of property valuations considered managements review of inflation's impact on the valuation movements of Property, Plant, and Equipment from the valuation date (31 January 2024) to the period-end date. While a review was completed it was not documented in a working paper and required reperformance.

Potential effects

The lack of documentation of inflation's impact on PPE valuation could lead to financial reporting inaccuracies being missed in managements review procedures.

Recommendation

Ensure that the review of inflation's impact on PPE valuation is fully documented. This should include detailed working papers that outline the methodology, assumptions, and conclusions reached during the review.

Management response

Management have accepted this recommendation and have advised this will be picked up as part of the 2024/25 year-end valuations and working papers.

Internal control observations for the PFCC and Chief Constable

Description of deficiency (PFCC and Chief Constable)

Journal reports produced from the general ledger do not include the user who posted the journal entries. To mitigate this, the finance team has been instructed to include their initials in the journal name description. However, upon review, we noted journal entries where the initials of the poster had not been included.

Potential effects

Without identifying the user who posted the journal, it is difficult to trace the origin of the entries.

Recommendation

Ideally management should look to enhance the system reporting so that user who posted the journal is automatically captured. However while this is not possible management should remind staff of the requirement to include initials in the journal description. Management should consider a monitoring process to review journal entries and ensure compliance with the requirement to include user identification.

Management response

The system is being reviewed during 2025/26 to incorporate YNYCA, NYFRS along with NYP and this journal identification requirement will be taken into account. In the short term, Finance will discuss with ICT an additional report - Journal listing report - being produced monthly to check that users are including their initials when entering journals directly on the system. All users will be reminded on a weekly basis, at the Finance Team Meeting, that initials on journals are a requirement.

Appendix A: Further information on our audit of the PFCC and Chief Constable's financial statements

Internal control observations for the PFCC and Chief Constable

Description of deficiency (PFCC and Chief Constable)

During the extended year-end period, budgeted transactions rather than actual transactions were utilised. This resulted in an estimated period end position for debtors, creditors and cash. Management did not perform a reconciliation of the cash and bank figure at 6 May 2024. This meant it was difficult to confirm the material accuracy of the cash balances as well as the debtors and creditor position. Note management had completed a bank reconciliation at 31 March 2024.

Potential effects

There are material errors in the balance sheet which are not detected.

Recommendation

Management should perform a bank reconciliation as at 6 May 2024. to ensure that cash balances are accurately reported. This will also help support the figures presented elsewhere on the Balance Sheet.

Management response

Management have accepted this recommendation stating that cash and bank reconciliation are regularly undertaken. It is just very unusual to have a year-end date of the 6th May and a bank reconciliation at this date should have been given the same prominence as one that would have taken place on the 31st March.

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