



# Auditor's Annual Report

**Police and Crime Commissioner for Humberside and Chief Constable for Humberside – year ended 31 March 2024**

26 February 2025

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# 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 and Crime Commissioner for Humberside and Chief Constable for Humberside (the PCC and CC) for the year ended 31 March 2024. Although this report is addressed to the PCC and CC, 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 26 February 2025. Our opinion on the financial statements was unqualified.



### Value for Money arrangements

We did not identify any significant weaknesses in the PCC and CC's arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the PCC and CC's arrangements.



### Wider reporting responsibilities

While the group instructions were issued in September 2024 by the National Audit Office in respect of our work on the Council's WGA submission, we are awaiting further instruction on non-sampled components. We have submitted the Assurance Statement on 26 February 2025.

# 02

Audit of the financial statements

# Audit of the financial statements

## The scope of our audit and the results of our opinion

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. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the PCC and CC and whether they give a true and fair view of the PCC and CC's financial position as at 31 March 2024 and of its financial performance for the year then ended. Our audit report, issued on 26 February 2025, gave an unqualified opinion on the financial statements for the year ended 31 March 2024.

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 PCC and CC's accounting practices

We have reviewed the PCC and CC's accounting policies and disclosures and concluded they comply with the 2023/24 Code of Practice Local Authority Accounting, appropriately tailored to the PCC and CC's circumstances.

Draft accounts were received from the PCC and CC in June 2024 and were of good quality.

## Significant difficulties during the audit

During the course of the audit, we did not encounter any significant difficulties and we have had the full co-operation of management.

## Other reporting responsibilities

Reporting responsibility	Outcome
Annual Report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the PCC and CC.
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

# 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 PCC and CC has made proper arrangements for securing economy, efficiency and effectiveness in the 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 PCC and CC plans and manages their resources to ensure they can continue to deliver their services.



**Governance** - How the PCC and CC ensure that they makes informed decisions and properly manage their risks.



**Improving economy, efficiency and effectiveness** - How the PCC and CC uses information about their costs and performance to improve the way they manage and deliver their 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 PCC and CC have 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 of 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 staff and directors

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.

### 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 PCC and / or 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 PCC and / or 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 outcomes 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?
 <b>Financial sustainability</b>	11	No	No	No
 <b>Governance</b>	14	No	No	No
 <b>Improving economy, efficiency and effectiveness</b>	17	No	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 PCC and CC identifies significant financial pressures that are relevant to their short and medium-term plans.

Detailed processes are in place to identify service costs as part of budget setting. The PCC has a Medium-Term Resource Strategy (MTRS) which covers a period of 5 years and considers shifting police priorities and changes in funding. The MTRS sets out the financial direction of the force and outlines the key risks and financial pressures. The MTRS includes the revenue budget, capital programme and precepting decisions. It is reassessed and extended annually and if required re-prioritised to enable the Force to achieve the aims and objectives established in the PCC's Police and Crime Plan.

The PCC and CC has a well-established and robust budget monitoring process in place. The process is led and co-ordinated by the finance team but includes conversations and challenge with relevant budget holders and other members of staff as appropriate, with a focus on the main current and future issues arising and agreeing action where necessary..

Budget monitoring identifies pressures during the year. Longer term issues identified through budget monitoring feed into the mid-year review of the budget and annual update of the MTRS. A thorough analysis of budget pressures is undertaken as part of the mid-year budget review. These are considered for the forthcoming year's budget and MTRS review along with central pay pressures and national/regional pressures.

The financial climate continued to impact on finances in 2023/24, creating short term financial pressures. The financial position at the end of 2023/24 was an underspend for the year of £1.087m. This was achieved primarily through an underspend of £2.184m on the capital programme primarily within Information Services due to supply delays for replacement laptops and servers. This was offset by additional officer/staff pay costs of £1.1m. Of this underspend, £515k was carried forward into 2024/25 to alleviate future pressures. This is evidence of effective financial management arrangements despite the additional pressures.

### How the PCC and CC plan to bridge funding gaps and identifies achievable savings.

A savings target is part of the MTRS, with savings identified through various reviews and investments in more efficient work methods. Savings schemes planned for 2023/24 include reduced overtime, organisational reviews resulting in a reduction from the budgeted Target Operating Model (TOM) and efficiencies created by the update or replacement of information systems. The MTRS includes a group savings requirement of £1.5m in 2024/25, and a further £1.5m for each year up to and including 2028/29. For 2024/25 the MTRS shows the required savings as being identified and agreed. In future years, the amount of identified savings reduces with a greater proportion of the target being at the proposal stage or yet to be identified. The failure to deliver planned savings is recognised as a risk to the financial position.

The 2023/24 budget included a savings target of £1.5m, which was achieved. Overall savings of £1.527m, where delivered, exceeding the target by £0.027m. The overall savings target included in the MTRS is underpinned by a savings plan which sets out the specific schemes along with the forecast savings that are to be generated.

Review of financial reporting to Chief Officers Group (COG) and Police and Crime Panel demonstrates that savings plans are monitored in year and progress tracked to ensure delivery.

### How the PCC and CC plan finances to support the sustainable delivery of services in accordance with strategic and statutory priorities.

Resources follow priorities through the MTRS which aligns with the organisational change programme and other force plans.

The Police and Crime Plan 2024 to 2029, sets out the Humberside Police and Crime Commissioners vision, mission, values and aims. Page 17 of the plan sets out the financial resources used to deliver the plan, including the sources of funding and the role Central Government play in the allocation of funding. The plan references the annual budget and how that is underpinned by the MTRS which describes the financial direction of the organisation. The plan also sets out how external funding (e.g. bidding to central Government for extra investment) is used to deliver specific projects and services, as well as effective investment to deliver value for money.

The MTRS is underpinned by workforce planning and capital programmes which are aligned with the delivery of the Police and Crime Plan priorities. The MTRS recognises that the successful delivery of the Police and Crime Plan requires the need to manage a complex set of resources, demands and priorities whilst reviewing and revising plans to meet changing demand for policing services within the available financial resources.

### How the PCC and CC ensure that their financial plan is consistent with other plans.

The MTRS is underpinned by workforce planning and capital programmes which are aligned with the delivery of the Police and Crime Plan and Plan on a Page priorities.

Review of the Capital Strategy 2024/25 to 2027/28 demonstrates the linkages between the MTRS and Treasury Management Strategy Statement (TMSS). The Capital Strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. It also provides an overview of how the associated risk is managed and the implications for future financial sustainability.

# VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria – continued

The MTRS includes the 5-year capital programme and how this is to be financed and therefore considers the revenue implications of the capital programme. The MTRS also sets out the Prudential borrowing required to fund the capital programme and review of the TMSS shows the clear links between the borrowing requirement shown in the MTRS and the TMSS, as well as the expected impact on the PCC's capital financing requirement and minimum revenue provision.

The force has a Target Operating Model (TOM) which sets out the resource requirements of the force. For 2023/24 the TOM was set at 2,309 full time equivalent (FTE) officers. Ongoing efficiency reviews are taking place to determine the police workforce required at the department/function level. This work is aligned with the available funding contained within the MTRS, it also considers the implications arising from Operation Uplift and the savings required to deliver a balanced budget. Update reports are taken to the Accountability Board and provide an overview of the actual workforce compared to the TOM, an overview of the schemes in place and progress with recruitment and training of new officers, as well as updates on the progress to deliver the efficiency reviews.

The MTRS takes into account changes to the TOM, as well as the wider financial implications of national funding streams and ongoing initiatives such as the Police Allocation Funding (PAF) used to distribute grant between forces, Operation Uplift the Government's commitment to police officer numbers, the police finance settlement and Ministry of Justice Grant.

### How the PCC and CC identifies and manages risks to financial resilience.

Substantial work is undertaken to understand possible future impacts on the budget. The annual update of the MTRS considers various budget pressures, such as pay and price increases, the revenue implications of the capital programme and other financial pressures.

Review of the MTRS 2024/25 – 2028/29 shows that it includes a risk assessment and considers the key financial risks facing the police e.g. pay awards, failure to deliver planned savings, further reductions in funding etc. For each risk identified the likelihood and impact is assessed and details are included of how the risk is to be managed.

The MTRS includes a reserves strategy so that unexpected budget pressures can be met without adverse

impact on the achievement of key objectives and council taxpayers. The reserves strategy sets out the key MTRS principle to seek to maintain the general reserve at 3% of the net revenue budget.

The overall financial position is monitored monthly, with a focus on forecast outturn and identified financial pressures, along with strategies to mitigate these and the risk to the overall financial position.

The PCC and CC have a good track record of predicting pressures and costs based upon prior year experience and review of the MTRS indicates that assumptions are largely realistic although the plan recognises the uncertainties and risks.

Our work did not identify a significant weakness in the PCC and CC's arrangements in relation to the financial sustainability reporting criteria.

# 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 PCC and CC monitors and assesses risk and how the PCC and CC gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.**

The Corporate Governance Framework sets out the governance arrangements for both the PCC and CC. The integrated governance scheme clarifies how the two corporations are governed, both jointly and independently. The PCC holds the Force accountable, ensuring it meets the Police and Crime Plan and remains answerable to the communities it serves. The PCC achieves this through regular assurance conversations and one-on-one briefings. It also hosts the Joint Independent Audit Committee (JIAC), Accountability Board and External Ethics Committee. The PCC also sets the Chief Constable's terms of employment, including their salary and annual leave entitlement in line with the Home Office's national guidelines set out in Police Regulations.

The Corporate Governance Framework sets out the risk and resource management arrangements and that the Accountability Board provides scrutiny of Force strategic risks. Review of reports to the Accountability Board show that reporting of strategic risks includes the impact and likelihood of risks and the control mitigations to reduce the risk to an acceptable level. Force strategic risks are also reported to JIAC.

The Internal Audit service is provided to the PCC and CC by West Yorkshire OPCC under a Section 22 agreement. The internal audit team provides assurance based on a risk-based audit plan which complies with auditing standards. It produces an annual report to JIAC, which provide an opinion on the control environment. The audit team also provides advice and support on the design and operation of the control environment in general. The Head of Internal Audit Opinion for 2023/24 gave a reasonable assurance opinion.

The Corporate Governance Framework also sets out the Fraud Response Plan and details the various ways in which suspected fraud and corruption may be reported.

### **How the PCC and CC approaches and carries out its annual budget setting process.**

The PCC's budget-setting approach aims to deliver a sustainable budget and capital program while fulfilling the Commissioner's Police and Crime Plan and meeting the National Strategic Policing Requirement.

The MTRS includes consideration of the impact of Central Government funding and local taxation yields on the overall financial position and identifies these as risk areas. Review of the budget setting arrangements highlights no significant weaknesses and the PCC is aware of the financial pressures it faces.

### **How the PCC 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.**

The PCC and CC have a well-established budget monitoring process which includes monthly updates focusing on the financial outturn position for revenue and capital. Regular budget monitoring reporting is taken to the COG and the Accountability Board. Monitoring reports set out the annual revenue budget, year to date actual spend, forecast outturn and any forecast variance at the overall force level. The reports highlight the key points of note and the reasons for under and overspending. Reporting also includes revenue performance at command level, monitoring of the annual savings target and performance against the approved capital programme. Review of COG and Accountability Board minutes confirm there was regular reporting of the financial position during the 2023/24 financial year.

A mid-year review of all budgets is undertaken and amendments to the annual budget made as required. Review of COG and Police and Crime Panel minutes show clear evidence of this.

The outturn position reported during the year was a projected budget overspend of £0.995m, however due to mitigating action taken the year end outturn was an underspend of £1.087m. There was a clear understanding of the reasons for the underspend reported at year end. This is further evidence of effective arrangements for budgetary control.

Statutory financial reporting requirements are well resourced with a dedicated accountant supported by the Chief Constables Chief Finance Officer (CCFO), Police and Crime Commissioners Chief Finance Officer (PCCCFO) and Deputy. The PCC and CC have an effective system for production of the final accounts and we have found no significant deficiencies in the draft accounts in 2023/24. The accounts are reflective of the reported budgeted financial position summarised in the outturn report.

### **How the PCC and CC ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.**

The foundation of the PCC and CC decision making is set out within the Corporate Governance Framework. This includes the Financial Regulations, Standing Orders and Scheme of Delegation which make it clear where the responsibility for any given decision lies. Decisions are formalised by Decision Records, which are publicised on the PCC website. Review of a number of decision records demonstrate that decisions are supported by reports that outline options and recommendations for approval. Reports set out the financial, legal, equalities implications to ensure decisions are supported by robust information and how the decision

# VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria - continued

links to the Police and Crime Plan and therefore overall strategy. Decision records reviewed support informed decision-making and clearly stated the decision being required by the Police and Crime Commissioner. Our overall review of the PCC and CC meeting minutes did not identify any evidence of a significant weakness in the arrangements.

### **How the PCC and CC monitors and ensures appropriate standards, such as meeting legislative / regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations / conflicts of interest).**

All senior police officers and support officers of both the CC and PCC make declarations of interests. Our review of related party declarations and associated transactions as part of our work on the financial statements, has highlighted no significant weaknesses. A gifts, gratuities, donations and hospitality policy is in place. Registers are maintained of PCC gifts and hospitality and this is published on the PCC website. All police officers are required to comply with the Police Code of Ethics. Annual messages are communicated to all staff from professional standards branch and guidance on reporting conflicts of interest is available to all officers.

There is an ongoing investigation by The Independent Office for Police Conduct (IoPC) into the conduct of the former Chief Constable, who retired in June 2024. There is no suggestion of wider conduct issues within either the PCC or CC. The CC has appointed a temporary Chief Constable, allowing for there to be a full senior management team in place and continuity of leadership. The temporary Chief Constable will remain until a new Chief Constable is appointed. Recruitment for a new Chief Constable is currently in progress.

Our work did not identify a significant weakness in the PCC and CC's arrangements in relation to the governance reporting criteria.

# 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



# VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on Improving Economy, Efficiency and Effectiveness

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

Financial performance and savings monitoring is reported monthly to COG and periodically to the Accountability Board and Police and Crime Panel. Each Assistant Chief Constable (ACC) is held accountable for financial performance at COG and in turn through discussions at their Senior Leadership Teams (SLT). Review of reporting to SLT shows detailed information is shared including latest financial position, forecast financial outturn and commentary on key pressures/underspends. Reporting also includes analysis of other key areas that impact on the financial position including overtime, events and mutual aid.

A performance structure is in place that has enabled leaders across the organisation to hold each other to account. A formal performance review process is in place to support the delivery of Force plans, this is achieved through updates to Chief Officers, a monthly Victim Focussed Performance meeting and supported by Local Accountability Meetings (LAMs) and Team Accountability Meetings (TAMs). The Chief Officer Group also has Bi-Monthly meetings in which the key organisational drivers and the KPI's are presented, demonstrating how the force is trying to achieve these.

The Police have a robust performance framework in place and this has been enhanced over the past year through a variety of methods. Power BI (data visualisation tool) is now actively used to facilitate performance management. PowerBI dashboards are used in meetings held by Command leaders, as well as in the LAMS and TAMS, to facilitate discussion and challenge performance.

A performance management framework is in place for all staff with Performance Development Reviews (PDR's) carried out at least annually. A Development Portal is available to all officers and sets out the way performance is managed and assessed and how performance is rated. Guidance is available to all officers and managers on the PDR process, along with guidance on how to review and assess performance and potential. The portal also includes development resources for officers to develop in their role, maintain competence in their role or seek lateral progression. Resources are also available for personal development and continuing performance development. The guidance clearly sets out the purpose of PDR as being to assess ongoing effectiveness, explore career aspirations and talent management, assess strengths and opportunities for development and determine pay progression. The PDR process enables line managers to review performance, assist in career development or address underperformance.

### How the PCC and CC evaluates the services they provide to assess performance and identify areas for improvement.

A Force Accountability Framework is in place to support robust and effective performance management. As detailed above monthly Victim Focussed Performance meetings, are chaired by the Deputy Chief Constable (DCC) and attended by command SLT's and other key stakeholders including Her Majesty's Inspectors of Constabulary and Fire and Rescue Services (HMICFRS). The purpose of these meetings being to monitor both local and force performance. Monthly LAMs chaired by the relevant ACC or Assistant Chief Officer (ACO) focus on the delivery of their local plans and monitoring performance against specific indicators. The process is further supported through local TAMs and PDRs across every level of the organisation.

In October 2024, the 2023/25 HMICFRS PEEL inspection was published. This report rated the Force as follows

Area of Policing	Judgement
Developing a positive workplace	Outstanding
Police powers and public treatment	Good
Investigating crime	Requires Improvement
Managing offenders	Good
Preventing crime	Outstanding
Protecting vulnerable people	Outstanding
Leadership and force management	Good
Responding to the public	Good

# VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

The PEEL inspections introduced in 2014 have been continuously adapted and significant changes have been made during 2023/24, with a more intelligence-led, continual assessment approach and a move from a four-tier system of judgements to a five-tier system. The judgements are:

- Outstanding
- Good
- Adequate
- Requires improvement
- Inadequate

Whilst as a result comparisons cannot directly be made between the grades awarded in 2023/24 and previous years, the report shows the continuing positive trajectory of the Force from requires improvement to good in 2018/19 and to outstanding and good in seven out of eight areas of policing in 2023/24.

The report congratulates the Force on its performance in keeping people safe and reducing crime and highlights that it has kept up its performance in several areas since the last inspection, including the service it gives to communities. Whilst the report acknowledges the performance of the force it also highlights to provide a consistently good service it needs to improve in some areas.

The report highlights a small number of improvement areas as follows:

- The force should make sure that supervisors oversee investigations and that its police officers take all investigative opportunities
- The force should access the needs of all victims to make sure it gives them effective support
- The force doesn't consistently achieve appropriate outcomes for victims

Senior leadership have implemented a programme of actions to address the improvements identified by HMICFRS.

**How the PCC 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 services commissioned by the PCC are subject to grant and partnership agreements that specify expected outcomes, with monitoring undertaken to ensure delivery.

Community Safety Partnerships are in place for each of the Local Authority areas that Humberside Police work across. The partnerships include the Local Authority, Humberside Police, Humberside Fire and Rescue, Humberside Probation and Health.

Regional collaborations for the provision of policing services between Humberside Police, North Yorkshire Police, South Yorkshire 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 firearms and the OPCC for West Yorkshire for serious and organised crime, scientific support and collision investigation.

The OPCC for Humberside collaborates in a two Force partnership with the OPCC for South Yorkshire on the provision of Information Services.

There has been continued collaborative working with Humberside Fire and Rescue. The PCC shares a Chief Finance Officer/S151 Officer and Deputy Chief Finance Officer/Deputy S151 Officer with Humberside Fire Authority.

Humberside Police and Humberside Fire Authority collaborate on a joint operation in respect of their emergency vehicle maintenance requirements, which are delivered by Emergency Services Fleet Management (Humberside) Ltd (ESFM), a company limited by guarantee which was established for that purpose.

Humberside Police provide Estates Management Services to Humberside Fire Authority on a lead Authority basis. The Joint Estates Service (JES) provides premises repairs, regular maintenance, utility management and support for capital projects.

Partnership working also forms a key part in providing and improving support to victims. One example of this is between the PCC and North East Lincolnshire Council for the Community Safety Partnership (CSP).

# VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

Review of the grant agreement shows the partnership revolves around supporting CSPs to contribute to the delivery of the Police and Crime Plan 2024-2029, undertake collaborative projects and respond to emerging issues across the period. The partnership is a statutory community safety partnership established to join up the work of partners across the Humberside area to tackle crime and disorder.

The Community Safety Partnership's agreed completion date was 31st March 2024.

### **How the PCC and CC ensures that where services are commissioned or procured this is done in accordance with relevant legislation.**

The PCC and CC are part of the Yorkshire and the Humber (YatH) Regional Procurement Team, using a Lead Force model whereby the management and the provision of the function is undertaken by South Yorkshire CC and the PCC for South Yorkshire. A Collaboration Agreement is in place for the provision of the procurement service to the PCC and CC.

The YatH Regional Procurement Team are responsible for providing procurement services to the parties to enable them to benefit from procurement collaboration for categories of work, goods and services. The key categories are estates and facilities management, transport, IT/ISD, crime and forensics, operations and corporate services. The Team also provide contract management for region wide multiple force contracts, monitoring and reporting performance, delivering efficiencies through the use of eBusiness tools, developing and maintaining regional information on the National Contracts Data Base and developing regional policies and procedures to support the procurement process.

Regional contract standing orders are included in the Code of Corporate Governance, these are comprehensive and up to date. Review of the standing orders show that they clearly set out the requirement for compliance, the requirement for competitive procurement/tender process, the responsibility for financial and contractual delegation and the exceptional circumstances in which the normal procedures can be waived. The standing orders also set out the thresholds for quotations/tenders and the delegated officers for signing contracts and the financial thresholds they are permitted to authorise.

From 2024/25, the PCC intends to come out of the arrangement with the PCC for South Yorkshire for procurement and stores and bring the service in house in order to achieve better cost savings.

Our work did not identify significant weakness in the PCC and CC's arrangements in relation to the economy, efficiency and effectiveness reporting criteria.

## Other reporting responsibilities and our fees

# Other reporting responsibilities and our fees

## 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. We submitted this information to the NAO on 26 February 2025.

# Other reporting responsibilities and our fees

## Fees for work as the PCC and Group auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Joint Independent Audit Committee in November 2024. Having completed our work for the 2023/24 financial year, we can confirm that our final fees are as follows. All additional fees are subject to Public Sector Audit Appointments (PSAA approval). All fees are exclusive of VAT.

Area of work	2023/24 fees	2022/23 fees
Planned fee in respect of our work under the Code of Audit Practice	£97,877	£32,599
Recurring increases in the base audit fee arising from regulatory pressures (as originally agreed in the 2019/20 audit, uplifted for PSAA 25% increase in rates); note that the 2021/22 fee has been incorporated into the 2022/23 scale audit fee by PSAA	£0	£0
Additional fees in respect of the VFM approach (recurring, as agreed from the 2020/21 audit)	£0	£5,500
Additional fees in respect of the revised ISA 540 (recurring, as agreed from the 2020/21 audit)	£0	£1,750
ISA 315 revised – additional work in relation to understanding the entity, including documenting risks, risk assessments, and an additional focus on IT general controls (new standard applied from 2022/23 for the first time)	£4,710	£3,500
Additional work in relation to review of the LGPS pension asset ceiling calculations, and review of revised GAD calculations on police pension liabilities – not recurring	£0	£2,500
<b>Total fees</b>	<b>£102,587</b>	<b>£45,849</b>

## Fees for other work

We confirm that we have not undertaken any non-audit services for the PCC and Group in the year.

## Other reporting responsibilities and our fees

### Fees for work as Chief Constable's auditor

Area of work	2023/24 fees	2022/23 fees
Planned fee in respect of our work under the Code of Audit Practice	£46,686	£14,500
Recurring increases in the base audit fee arising from regulatory pressures (as originally agreed in the 2019/20 audit, uplifted for PSAA 25% increase in rates); note that the 2021/22 fee has been incorporated into the 2022/23 scale audit fee by PSAA	£0	£0
Additional fees in respect of the VFM approach (recurring, as agreed from the 2020/21 audit)	£0	£3,500
Additional fees in respect of the revised ISA 540 (recurring, as agreed from the 2020/21 audit)	£0	£750
ISA 315 revised – additional work in relation to understanding the entity, including documenting risks, risk assessments, and an additional focus on IT general controls (new standard applied from 2022/23 for the first time)	£4,710	£1,500
Additional work in relation to review of the LGPS pension asset ceiling calculations, and review of revised GAD calculations on police pension liabilities – not recurring	£0	£1,000
<b>Total fees</b>	<b>£51,396</b>	<b>£21,250</b>

### Fees for other work

We confirm that we have not undertaken any non-audit services for the CC in the year.

# Appendices

A: Further information on our audit of the financial statements

# Appendix A: Further information on our audit of the financial statements

## Significant risks and audit findings

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
<p><b><u>Management Override of Controls (CC, PCC and Group)</u></b></p> <p>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.</p>	<p><b><u>Work performed</u></b></p> <p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> <li>• accounting estimates impacting amounts included in the financial statements;</li> <li>• consideration of identified significant transactions outside the normal course of business; and</li> <li>• journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements</li> </ul> <p><b><u>Conclusion</u></b></p> <p>There are no matters to report in respect of the risk of management override of controls.</p>

# Appendix A: Further information on our audit of the financial statements

## Significant risks and audit findings - continued

Risk	Our audit response and findings
<p><b><u>Net defined benefit liability/asset valuation (CC, PCC and Group)</u></b></p> <p>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.</p>	<p><b><u>Work performed</u></b></p> <p>We carried out the following procedures:</p> <ul style="list-style-type: none"> <li>evaluated the competency, objectivity and independence of the scheme actuaries, Hymans Robertsons and Government Actuary's Department;</li> <li>liaised with the auditor of the East Riding Pension Fund to gain assurance over the design and implementation of controls in place to ensure data provided to the actuary by the pension fund for the purposes of the LGPS IAS 19 valuation is complete and accurate;</li> <li>reviewed the appropriateness of the pension asset/liability valuation methodologies applied by the actuaries and the key assumptions included within the valuations. This included comparing them to expected ranges, utilising information from the consulting actuary engaged by the National Audit Office; and</li> <li>agreed the data in the IAS 19 valuation reports provided by the actuaries for accounting purposes to the pension accounting entries and disclosures in the CC, PCC and Group's financial statements.</li> </ul> <p><b><u>Conclusion</u></b></p> <p>The Pension Fund auditor reported an overstatement of Level 2 assets in the Pension Fund accounts of £2.3m and an understatement in the value of Level 3 investments of £19.1m, resulting in a total understatement of assets of £16.8m. Given the PCC and CC's share of the Pension Fund assets of 5%, this results in a total understatement of assets of £840k in the financial statements.</p> <p>The Pension Fund auditor also reported a difference in the investment return calculated by the actuary of 8.2% and that calculated by the auditor of 8.56%. The closing value of assets for the PCC and CC is £274,762k. A difference of 0.36% equates to £989k.</p>

# Appendix A: Further information on our audit of the financial statements

## Significant risks and audit findings - continued

Risk	Our audit response and findings
<p><b>Valuation of property, plant and equipment (PCC and Group only)</b></p> <p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the PCC and Group's holding of PPE. Although the PCC uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of PPE due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the valuation of PPE to be an area of significant risk.</p>	<p><b><u>Work performed</u></b></p> <p>We carried out the following procedures:</p> <ul style="list-style-type: none"> <li>• considered the PCC's arrangements for ensuring that property, plant and equipment values are reasonable and are not materially misstated;</li> <li>• challenged the reasonableness of the valuations provided by the PCC's valuer using third party trend data where appropriate;</li> <li>• considered the competence, skills and experience of the valuer and the instructions issued to the valuer;</li> <li>• substantively tested revaluations, including critically reviewing the PCC's own consideration of assets not revalued in the year and why they are not materially misstated; and</li> <li>• where necessary, performed further audit procedures on individual assets to ensure the basis of valuations is appropriate.</li> </ul> <p><b><u>Conclusion</u></b></p> <p>No significant matters to report in relation to the valuation of property, plant and equipment risk.</p>

# Appendix A: Further information on our audit of the financial statements

## Summary of uncorrected misstatements

There are no misstatements that were identified during the course of our audit which management has assessed as being material either individually or in aggregate to the financial statements and the accounts have not been corrected for these misstatements. The following uncorrected misstatements were not material either individually or in aggregate.

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Net defined pension liability			840	
	CR Pensions reserve				840
	DR Movement in Reserves	840			
	CR Re-measurement of the net defined benefit liability/(asset)		840		
	The Pension Fund auditor reported an overstatement of Level 2 assets in the Pension Fund accounts of £2.3m and an understatement in the value of Level 3 investments of £19.1m, resulting in a total understatement of assets of £16.8m. Given the PCC and CC's share of the Pension Fund assets of 5%, this results in a total understatement of assets of £840k in the financial statements.				
2	Dr: Net defined pension liability			989	
	CR Pensions reserve				989
	DR Movement in Reserves	989			
	CR Re-measurement of the net defined benefit liability/(asset)		989		
	The Pension Fund auditor also reported a difference in the investment return calculated by the actuary of 8.2% and that calculated by the auditor of 8.56%. The closing value of assets for the PCC and CC is £274,762k. A difference of 0.36% equates to £989k.				
	<b>Total unadjusted misstatements</b>	<b>1,829</b>	<b>1,829</b>	<b>1,829</b>	<b>1,829</b>

# Appendix A: Further information on our audit of the financial statements

## Summary of uncorrected misstatements - continued

Note 7 (CC) and Note 14 (PCC and Group) Officers' Remuneration and Exit Packages – an exit package with a value of £14k was incorrectly included in the disclosure as it related to an exit package agreed in 2019 but that was paid in 2022/23. We undertook further procedures and confirmed that the error was isolated. Note we apply a specific materiality of £50k to our testing of exit packages and as such the value of the error is above the trivial threshold.

# Appendix A: Further information on our audit of the financial statements

## Internal control observations

### Description of deficiency – PPE Valuations

Adjustments to asset values resulting from the NPS revaluation are added to the fixed asset register (FAR). It is our understanding that checks are conducted to ensure these valuation adjustments are accurate and consistent with the Valuer's report, however, this process is currently undocumented.

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### Potential effects

There is no evidence to support the checks conducted.

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### Recommendation

The verification process to ensure that valuation adjustments are accurate and consistent with the Valuer's report should be documented.

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### Management response

Verification process to be recorded in future accounts working papers.

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# Appendix A: Further information on our audit of the financial statements

## Follow up on previous years recommendations

### Description of deficiency - Accounts payable control accounts reconciliation

Our walkthrough of accounts payable identified that the accounts payable control account reconciliation for June 2022 had not been marked as reviewed.

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#### Potential effects

Inconsistencies between the accounts payables values in the accounts payable system and general ledger are not identified and resolved.

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#### Recommendation

The accounts payable control account reconciliations should be completed monthly and signed by a second member of staff upon review.

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#### Current position

Our 2023/24 accounts payable walkthrough confirmed that for the month selected the control account reconciliation had been appropriately reviewed, as such this recommendation has been implemented.

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### Description of deficiency - Payroll Overtime Spreadsheet

Our payroll walkthrough identified that the overtime spreadsheet for September 2022 had no signature evidencing approval by a senior officer.

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#### Potential effects

Overtime may be paid when it is not actually due resulting in the overpayment of staff.

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#### Recommendation

All overtime spreadsheets should be approved by a senior officer.

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#### Current position

Our 2023/24 payroll walkthrough confirmed that for the month selected the overtime spreadsheet had been appropriately approved, as such this recommendation has been implemented.

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# Appendix A: Further information on our audit of the financial statements

## Description of deficiency – Cash and Bank Reconciliations

Our walkthrough of the cash and bank system highlighted that evidence of the review of the bank reconciliation for the payments account for January 2023 had not been retained.

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### Potential effects

Inconsistencies may arise between the bank statement and the ledger which have not been identified.

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### Recommendation

Evidence of review should be documented in the actual reconciliation. If evidence of review is obtained via email, the email should be embedded into the reconciliation.

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### Current position

Our 2023/24 cash and bank walkthrough confirmed that for the month selected evidence of the review if the bank reconciliation had been retained, as such this recommendation has been implemented.

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## Description of deficiency – Related Party Transactions

Our work on related party transactions identified that three declarations from senior officers were not received as at the date of our audit testing.

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### Potential effects

Related parties are not identified and therefore related party transactions are not disclosed.

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### Recommendation

Officers should be reminded to complete their declaration and return it in a timely manner.

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### Current position

Our work on related parties confirmed that declarations had been received for all senior officers, as such this recommendation has been implemented.

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# Appendix A: Further information on our audit of the financial statements

**Description of deficiency – Financial Instruments – Expected Credit Loss Model**

Our work on Financial Instruments highlighted that trade receivables have been impaired using a bad debt provision, as opposed to the required expected credit loss model. Under IFRS9, the simplified approach under the expected credit loss model should be adopted. Note the impairment of bad debts was not material.

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**Potential effects**

Impairments for financial assets could be inaccurate, due to a bad debt provision being based on historic information, rather than forward looking as is required by the expected credit loss model.

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**Recommendation**

The simplified approach of the expected credit loss model should be used going forward.

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**Current position**

This recommendation has been implemented.

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# Appendix A: Further information on our audit of the financial statements

## Description of deficiency - Disaster Recovery Management (Oracle)

In 2021/22 enquiries of the Head of IT highlighted that the disaster recovery plan had not been tested. Our follow-up work in 2022/23 confirmed that the plan had still not been tested.

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### Potential effects

Failure to update the disaster recovery plan may result in a partial or complete loss of data, as in the case of disaster not all employees are aware of their duties, or the key contact personnel information is not appropriately updated so it is not possible to contact all key personnel.

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### Recommendation

In order to ensure proper and timely recovery in case of a disaster or major incident, we recommend testing the Disaster Recovery Plan on at least an annual basis.

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### Current position

A full disaster recovery test has not been undertaken however all the individual components have been tested, which includes:

- creation of a brand-new environment.
- confirmation that backups are successfully being taken and stored, and
- regular restores of Oracle database from saved back up.

The PCC and CC are currently re-platforming the Oracle EBS environment and disaster recovery is to be factored into the design of the new solution. Delivery of this is expected in early to-mid 2026.

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