



Joint Audit Committee
Annual Statement of Accounts 2024/25
Agenda item 6a & 6b
 25 February 2026

| Responsible Officers: | Impact on Business: | | Risk Register Reference & RAG |
|---|---------------------|---|-------------------------------|
| Phil Trussell, Jon Lee | High | X | N/a |
| | Medium | | |
| | Low | | |
| Lead Manager: | Report Type: | | |
| Phil Trussell, Jon Lee | Governance | X | |
| | Strategic | | |
| | Operational | | |
| Previous papers to Committee: | | | |
| Draft 2024-25 statement of accounts & Annual Governance Statement | | | |

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| Report summary | Annual Statement of Accounts 2024/25 & Annual Governance Statements |
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The report presents the Annual Statement of Accounts of the Chief Constable, the PCC and the Group (combining the Chief Constable's and PCC's accounts) to the Committee for review and consideration alongside the final conclusion of the external audit by KPMG.

The Constabulary and PCC draft accounts were prepared by the original deadline of the 31 May 2025. Maintaining the planned timetable enabled the public inspection period of the accounts to proceed and for the external audit by KPMG to start on schedule. External audit of the accounts has now been concluded.

The accounts presented to the Committee are the final accounts for review. The Annual Statement of Accounts are accompanied by the external auditor's ISA 260 (Audit Completion) report to those charged with governance which should be read alongside the accounts. During the course of the audit a number of audit adjustments have been identified and agreed which have been made in the final accounts, these are summarised below. In addition, some audit differences were identified by the auditor, which were not adjusted in the final accounts and the below areas have been disclaimed. Follow on build back assurance work is continuing in preparation for the 2025/26 accounts. This is due to the period of disclaimed accounts from 2021-22 onwards following the audit backlog.

The following are reported in the Audit Completion report.

Payroll

In order to streamline the approach and save time in sampling a substantial number of samples KPMG took an analytical approach taking expected factors such as current and prior year headcount, pay rises to assure them of our payroll total for 2024/25. However, when performing this analysis there remained a significant variance between "expected" wages and salaries and the actuals.

Headcount has reduced from FY24 to FY25, while total payroll costs have increased by 8.3% which is significantly higher than the 4.75% annual pay award percentage. We (the Finance Team) completed a substantial exercise reviewing incremental drift and staff movement through pay bands, which explained a lot of the variances. The challenge is that, because the variance is so material, the analytical procedure cannot operate effectively as an audit approach in this instance.

Due to the amount of time utilised on this and as the financial statements will be subject to a disclaimer this year regardless, due to the incomplete build back work it was decided to not to continue further with volumes of sampling for 2024/25.

We have no concerns over our payroll totals. As well as the strong Governance in place within Payroll and Finance Teams, the payroll is reconciled from the pay reports every month from a Gross down to the net amount paid out of the bank. In addition, all payroll suspense accounts are reconciled and reviewed on a monthly basis. An internal payroll audit in 2024-25 did not identify any significant risks.

This will be addressed early in the 2025/26 audit, with full sample testing requested should the analytical approach not provide adequate assurance.

Pensions

We classified our asset ceiling IFRIC 14 adjustment incorrectly in the draft accounts including through the CIES. This has been corrected for final and presented correctly. This did not affect the overall pension reserve.

In addition, the LGPS staff pension benefits paid were found to be understated by £1m due to error in data extrapolation from pension administrator. This has been corrected and has an equal and opposite effect on liabilities and assets – net nil.

Income from fees and charges and Government Grants & Contributions

During the final audit we undertook a thorough review of the classification of our income in the accounts which has led to a recategorization of mainly partnership related contributions from being within the Fees and Charges total into Government Grants (which has been renamed Government Grants and Contributions). This has had a net nil effect. Total movements are shown below.

Other amendments include some additional accounting policy wording and smaller presentational adjustments.

Alongside the final accounts the final Annual Governance Statements of the PCC and Chief Constable are also presented to the committee to consider if they reflect the governance arrangements in place. These remain materially unchanged from the drafts previously presented to the JAC.

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| Related Police and Crime Plan objective | |
| Action (tick one box only) | Information <input type="checkbox"/> Assurance <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Decision <input type="checkbox"/> |
| Recommendation | That the Joint Audit Committee: <ol style="list-style-type: none"> 1. To review the Annual Statement of Accounts and note any concerns 2. To review the Annua Governance Statements and consider if they reflect the governance arrangements. |

| Uncorrected Misstatements (£'000) | CIES Dr/(Cr) | SOFP Dr/(Cr) | Comments |
|--|---------------------|---------------------|---|
| Movement on reserves | | (182) | Not corrected as considered low value but is above materiality threshold for reporting. |
| Other Comprehensive income | 182 | | This was due to very late submission from 3 councils with their collection fund returns |

| Corrected Audit mistatements (£'000) | CIES Dr/(Cr) | SOFP Dr/(Cr) | Comments |
|--|---------------------|---------------------|--|
| Dr Other Comprehensive Income | 106,290 | | IFRIC 14 reclassification of a set ceiling liability (£103,523k Staff + £2,767k PCC) from Police staff pay and allowance to Other comprehensive Income and reallocation of the adjustment within the pensions note |
| Cr Police Staff Pay and Allowances | (106,290) | | |
| Dr Gross defined benefit obligations | | 106,290 | |
| Cr Net defined benefit obligations | | (106,290) | |
| Income from Fees and Charges | 4,730 | | reallocation of partnership income from income from fees and charges to government grants & contributions. |
| Government Grant & Contributions | (4,730) | | |
| Gross present value of defined benefit obligations | | 1,046 | LGPS Pension benefits adjustment to assets and obligations |
| Gross fair value of plan assets | | (1,046) | |